Puaneswaran a/l Renganathan (trading under the name and style of TSR Herbal World) & Ors v Jyothy Laboratories Ltd

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COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NOS W-02(IPCV)(W)-551–03 OF 2019 AND W-02(IPCV)(W)-552–03 OF 2019

B

KAMARDIN HASHIM, KAMALUDIN MD SAID AND LEE SWEE SENG JJCA

9 NOVEMBER 2020

C

Contract — Agreements — Breach — Respondent filed action against appellant under breach of contract, passing off, unlawful interference with business as well as expungement or rectification of trademark proceeding — Whether third appellant breached contract with respect to respondent's trademarks — Whether respondent breached contract by failing to give notice to terminate agreement

D

Trade Marks — Passing off — Ownership of trademark — Unregistered trademark — Respondent filed action against appellant under breach of contract, passing off, unlawful interference with business as well as expungement or rectification of trademark proceeding — Whether registration by second appellant of 'Dr. Neem' trademark ought to be expunged or rectified — Whether appellants passed off 'Dr. Neem' toothpaste as that of respondent's 'Neem/Neem Active' toothpaste — Whether appellants unlawfully interfered with respondent's trade or business

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The Calcutta Chemical Co Ltd ('CCCL') of India had, since its establishment in 1916, been involved in the manufacture of consumer products including neem toothpaste. CCCL registered the trademark 'Neem' and 'Neem Tooth Paste' in 1950 and then in 2004 it registered the 'Neem Active' trademark with the IPO of India. Through a series of mergers and acquisitions the 'Neem' and 'Neem Active' ('Neem/Neem Active') trademarks finally devolved onto the Jyothy Laboratories Ltd ie plaintiff ('Jyothy Lab'). Prior to the entity in the present plaintiff, CCCL became a subsidiary of Henkel SPIC India Ltd ('Henkel SPIC') in 2004 and its name was changed toward Henkel India Ltd ('HIL'). Later by an order of the Madras High Court Henkel SPIC and HIL were amalgamated. There was a subsequent change of name by Henkel SPIC to Henkel India and HIL to Jyothy Consumer Products Ltd ('JCPL'). By an order of the Bombay High Court JCPL was amalgamated with Jyothy Lab. In 1996 Thangaraj Rajoo a/l Malayappan ie the third defendant ('D3') established his business as a sole proprietorship Perusahaan Bumitulin ('PB') and was involved in the business of importing and selling herbal healthcare products. In 1997, D3 set up Bumitulin Herbal World (M) Sdn Bhd ie the second defendant

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('D2') and was its founding director. D2 operated together with PB under one roof with its business of trading in herbal and healthcare products in Malaysia. In the course of his business, D3 procured from a Sunsan Corp and distributed shampoo containing neem in Malaysia. There were three agreements entered into between the plaintiff's predecessors-in-title and PB with respect to the use of the unregistered trademark 'Neem/Neem Active' in Malaysia in relation to the products being distributed in the designated countries. First there was the overseas distribution agreement in 2001 ('2001 agreement') executed between PB and CCCL wherein PB was appointed as CCCL's authorised distributor for CCCL's Neem Active toothpaste in Malaysia, Singapore, Thailand, Brunei, Indonesia and Philippines. Then there was a second overseas distribution agreement in 2005 ('2005 agreement') executed between PB and CCCL where PB was again appointed as CCCL's authorised distributor for CCCL's Neem Active toothpaste but only in Malaysia. Finally there was the business development agreement in 2008 ('2008 agreement') between PB and HIL where PB, whose sole proprietor was D3, was appointed as HIL's business development representative in Malaysia. However in spite of the contractual obligation of PB to at all times safeguard the trademarks of the plaintiff, D2 of which D3 was its founding director applied for registration of the 'Dr. Neem' trademark with MyIPO. Puaneswaran a/l Renganathan ie the first defendant ('Puaneswaran') in turn manufactured and marketed the 'Dr. Neem' toothpaste that carried D2's registered trademark as the brand of the product in Malaysia. After the termination of the last three agreements, the plaintiff discovered that the defendants had used the trademark 'Dr. Neem' to pass off their products as that of the plaintiff in that the defendants had misrepresented and created confusion or deception vis a vis the 'Neem/Neem Active' trademark of the plaintiff. The plaintiff succeeded in its cause of action under breach of contract, passing off and unlawful interference of trade and hence these appeals.

Held, dismissing the appeals with costs of RM40,000:

(1) There was no rhyme or reason for D3 to register the trademark 'Dr. Neem' so secretively and surreptitiously, without informing and certainly not keeping the plaintiff posted on the progress. There was further no good reason to register the trademarks of 'Neem/Neem Active' in D3's name or for that matter in D2's name for there was no assignment or transfer of the goodwill in the business and the trademark to D3 but only his appointment as the plaintiff's distributor. The trademark meant for registration was that of 'Neem/Neem Active' and not 'Dr. Neem' to which neither the plaintiff nor its predecessors had consented to or approved of registration in the name of D3 but in their respective names and in D3's name at most, as a registered user during the period of the agreements. D3 had made the application in bad faith in business competition with the plaintiff but distancing it's obvious nexus by registering it in the name of D2 where he had placed his son as a director

and a 50% shareholder of D2 and once the purpose had been achieved to then further dissociate himself from D2 by resigning as its director. What D3 had done or caused to be done went counter and is contrary to his contractual commitment to not bring the trademarks of the plaintiff into issue at any time even after the termination of the 2008 agreement. Therefore, D3 had breached cl 14(a), (b) and (c) of the 2008 agreement (see paras 34–35, 37, 40–41 & 45).

(2) The learned judge's finding on mutual termination was an outflow from and the end result his finding that the appointment of NSR Imex Resources Sdn Bhd ('NSRIR') as the new distributor was with PB's consent authorising the change of the distributorship. The appointment of NSRIR was with due notification to D3. There was no material departure from the pleadings at all. The finding that D3 had consented to the plaintiff appointing NSRIR in place of D3 as its new distributor could not of course co-exist with the continuing obligation of the parties under the 2008 agreement. With that the counterclaim of D3 for wrongful repudiation of the 2008 agreement had to be dismissed (see paras 54–55 & 59).

(3) The plaintiff was an 'aggrieved person' as it was the proprietor of the trademark 'Neem/Neem Active' and D3 had been importing and distributing the plaintiff's predecessors' toothpaste in Malaysia bearing the 'Neem/Neem Active' trademarks for some 15 years and the trademark registered by D2 bore the mark 'Neem' in 'Dr. Neem'. There was no requirement that the plaintiff must first be a registered owner of a trademark before it could activate the relevant provisions of the Trade Marks Act 1976 in particular s 45 for rectification of the Register of Trade Marks for its protection. Thus the plaintiff had met the threshold requirement of being an 'aggrieved person' in challenging the registration of D2's trademark under s 45 of the Trade Marks Act 1976 (see paras 69–70 & 72).

(4) D3 was merely the importer and Malaysian distributor who did not have any proprietary intellectual property rights of the plaintiff and its predecessors. The plaintiff and its predecessors were the first user and common law proprietor of the trademark 'Neem/Neem Active' in Malaysia (see paras 81 & 88).

(5) As to the knowledge of D2, it may be imputed if the corporate veil was lifted exposing that D3 had been its alter ego. After all it was very significant that D3 walso testified for D2 as well as D1 and as is more than a mere convenience but the measure of commonality of intention and confluence of interests to fraudulently take advantage of the distinctiveness and goodwill generated by the plaintiff in the use of the 'Neem/Neem Active' marks. There were special circumstances as well as in the interest of justice to lift the corporate veil of D2. By so lifting, D3's

knowledge on the first user and the plaintiff's common law proprietorship of the 'Neem/Neem Active' trademark were imputed to D2 (see paras 96 & 101–102).

(6) The concurrent existence of D2's 'Dr. Neem' toothpaste and its 'Neem Active' toothpaste created the likelihood of deception or confusion to the Malaysian consumers. The trademarks were deceptively confusing or confusingly deceptive such that the uninitiated without an investigative pair of eyes would had thought that the products bearing those two different marks had came from the same source or were that of the same manufacturer or distributor. Notwithstanding the trademark may be subject to a disclaimer of the non-distinctive word, the proprietor had the right to the use of the combination of the distinctive and non-distinctive elements of the mark, whether in India where it was registered or in Malaysia where it was not registered. They still ought to be read together as in its use as 'Neem Active' toothpaste. The fact that the plaintiff had no monopoly on the use of the mark 'Neem' did not give the defendants a right to use a registered trademark that so closely resembled the plaintiff's unregistered trademark so as likely to cause deception on or confusion to the public (see paras 106, 110, 120 & 122).

(7) The plaintiff, as the aggrieved person, had successfully made out a case to rectify the register pursuant to s 45 of the Trade Marks Act 1976 in respect of D2's registered trademark 'Dr. Neem' by reason of fraud on the registrar of trade marks as well as having created deception or confusion vis a vis the 'Neem/Neem Active' trademarks. A reasonable and proper relief would not be to expunge or cancel the whole of the registration but to vary the registration by adding a disclaimer, limitation or exclusion of its coverage to toothpaste. Such an order would be fair because both parties were presently marketing in Malaysia their respective toothpaste only in direct competition with each other, consistent with the principle that one should not have monopoly over the other and considering that the 'Neem/Neem Active' is not a well-known mark as candidly admitted by the plaintiff (see paras 124–126).

(8) The promotional and advertisement activities in Malaysia went towards generating goodwill and reputation as far as the sale of Neem Active toothpaste was concerned in Malaysia. Secondly, this was a case where the trial judge was not hampered in any way in drawing his own conclusion, after a careful analysis of the competing toothpastes in their overall look, presentation, packaging and both aural and visual elements of the products, that there was misrepresentation and likely confusion and deception caused. The prefix 'Dr' was not only deliberately designed in unusually small superscription but suffered from a sort of suffused shyness to have the prefix 'Dr' noticed and much less pronounced. The consumers were not likely to see the difference in the two marks and get

up for it was unlikely that the two products be exhibited side by side in displays in the shops. Lastly, the plaintiff did not have to prove actual damage suffered in the loss of business but only a probability of damage and in a case of competing goods the court would readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales. Therefore, the plaintiff had proved passing off against all the defendants with damages to be assessed for the plaintiff's 'Neem Active Toothpaste' (see paras 138, 151, 157, 163 & 167).

(9) Unlawful interference was caused if there was proven the unlawful act of passing off had been committed that affected the plaintiff's reputation and goodwill with similar consequences. Therefore, there was proved the tort of unlawful interference with the plaintiff's trade or business by all the defendants. The extent of damages would be the same whether it be under the tort of passing off or of unlawful interference with the plaintiff's trade or business by the defendants (see paras 172–174).

[Bahasa Malaysia summary

Calcutta Chemical Co Ltd ('CCCL') India, sejak penubuhannya pada 1916, terlibat dalam pembuatan produk pengguna termasuk ubat gigi neem. CCCL mendaftarkan cap dagangan 'Neem' dan 'Neem Tooth Paste' pada tahun 1950 dan kemudian pada tahun 2004 ia mendaftarkan cap dagangan 'Neem Active' dengan IPO India. Melalui beberapa siri penggabungan dan pengambilalihan cap dagangan 'Neem' dan 'Neem Active' ('Neem/Neem Active') akhirnya diturunkan kepada Jyothy Laboratories Ltd iaitu plaintif ('Jyothy Lab'). Sebelum entiti plaintif sekarang, CCCL menjadi anak syarikat Henkel SPIC India Ltd ('Henkel SPIC') pada tahun 2004 dan namanya ditukar kepada Henkel India Ltd ('HIL'). Kemudian dengan perintah Mahkamah Tinggi Madras Henkel SPIC dan HIL telah digabungkan. Terdapat pertukaran nama berikutnya oleh Henkel SPIC kepada Henkel India dan HIL kepada Jyothy Consumer Products Ltd ('JCPL'). Dengan perintah Mahkamah Tinggi Bombay JCPL telah digabungkan dengan Jyothy Lab. Pada tahun 1996 Thangaraj Rajoo a/l Malayappan iaitu defendan ketiga ('D3') menubuhkan perniagaannya sebagai milikan tunggal Perusahaan Bumitulin ('PB') dan terlibat dalam perniagaan mengimport dan menjual produk penjagaan kesihatan herba. Pada tahun 1997, D3 menubuhkan Bumitulin Herbal World (M) Sdn Bhd iaitu defendan kedua ('D2') dan merupakan pengarah pengasasnya. D2 beroperasi bersama PB di bawah satu bumbung dengan perniagaan perdagangan produk herba dan penjagaan kesihatan di Malaysia. Dalam perjalanan perniagaannya, D3 memperoleh daripada Sunsan Corp dan mengedarkan syampu yang mengandungi neem di Malaysia. Terdapat tiga perjanjian yang dimeterai antara pemegang hak milik terdahulu plaintif dan PB berkenaan dengan penggunaan cap dagangan tidak berdaftar 'Neem/Neem Active' di Malaysia berhubung dengan produk yang diedarkan di negara yang ditetapkan. Pertama, perjanjian pengedaran luar negara pada tahun 2001

('perjanjian 2001') dilaksanakan antara PB dan CCCL di mana PB dilantik sebagai pengedar sah CCCL untuk ubat gigi Neem Active CCCL di Malaysia, Singapura, Thailand, Brunei, Indonesia dan Filipina. Kemudian terdapat perjanjian pengedaran luar negara kedua pada tahun 2005 ('perjanjian 2005') dilaksanakan antara PB dan CCCL di mana PB sekali lagi dilantik sebagai pengedar sah CCCL untuk ubat gigi CCCL Neem Active tetapi hanya di Malaysia. Akhirnya terdapat perjanjian pembangunan perniagaan pada tahun 2008 ('perjanjian 2008') antara PB dan HIL di mana PB, yang pemilik tunggalnya ialah D3, telah dilantik sebagai wakil pembangunan perniagaan HIL di Malaysia. Walau bagaimanapun, walaupun terdapat kewajipan kontrak PB untuk sentiasa melindungi cap dagangan plaintif, D2 yang mana D3 adalah pengarah pengasasnya memohon pendaftaran tanda dagangan 'Dr. Neem' dengan MyIPO. Puaneswaran a/l Renganathan iaitu defendan pertama ('Puaneswaran') pula mengeluarkan dan memasarkan ubat gigi 'Dr. Neem' yang membawa cap dagangan berdaftar D2 sebagai jenama produk di Malaysia. Selepas penamatan tiga perjanjian terakhir, plaintif mendapati bahawa defendan telah menggunakan cap dagangan 'Dr. Neem' untuk pengelirupaan produk mereka sebagai produk plaintif kerana defendan telah salah nyata dan mewujudkan kekeliruan atau penipuan terhadap cap dagangan 'Neem/Neem Active' plaintif. Plaintif berjaya dalam kausa tindakannya di bawah pelanggaran kontrak, kelirupaan dan campur tangan dagangan tidak sah dan oleh itu rayuan ini.

Diputuskan, menolak rayuan-rayuan dengan kos sebanyak RM40,000:

(1) Tiada alasan bagi D3 untuk mendaftarkan cap dagangan 'Dr. Neem' secara rahsia dan bersembunyi, tanpa memaklumkan dan pastinya tidak memberitahu plaintif mengenai perkembangan itu. Juga tiada sebab yang kukuh untuk mendaftarkan cap dagangan 'Neem/Neem Active' dalam nama D3 atau dalam hal itu atas nama D2 kerana tiada penyerahan hak atau pemindahan nama baik dalam perniagaan dan cap dagangan kepada D3 tetapi hanya pelantikannya sebagai pengedar plaintif. Cap dagangan yang dimaksudkan untuk pendaftaran ialah 'Neem/Neem Active' dan bukan 'Dr. Neem' yang mana plaintif mahupun pendahulunya tidak bersetuju atau meluluskan pendaftaran atas nama D3 tetapi atas nama masing-masing dan atas nama D3 di kebanyakannya, sebagai pengguna berdaftar sepanjang tempoh perjanjian. D3 telah membuat permohonan dengan niat jahat dalam persaingan perniagaan dengan plaintif tetapi menjauhkan ia adalah perhubungan yang jelas dengan mendaftarkannya atas nama D2 di mana beliau telah meletakkan anaknya sebagai pengarah dan 50% pemegang saham D2 dan apabila tujuan telah dicapai untuk kemudiannya memisahkan dirinya daripada D2 dengan meletakkan jawatan sebagai pengarahnya. Apa yang D3 telah lakukan atau sebabkan untuk dilakukan adalah bertentangan dan berlawanan dengan komitmen kontraknya

untuk tidak membawa cap dagangan plaintif kepada isu pada bila-bila masa walaupun selepas penamatan perjanjian 2008. Oleh itu, D3 telah melanggar klausa 14(a), (b) dan (c) perjanjian 2008 (lihat perenggan 34–35, 37, 40–41 & 45).

(2) Penemuan hakim yang bijaksana mengenai penamatan bersama adalah aliran daripada dan hasil akhirnya dapatan beliau bahawa pelantikan NSR Imex Resources Sdn Bhd ('NSRIR') sebagai pengedar baru adalah dengan persetujuan PB yang membenarkan pertukaran pengedar. Pelantikan NSRIR adalah dengan pemberitahuan sewajarnya kepada D3. Tidak ada penyimpangan material daripada pliding sama sekali. Penemuan bahawa D3 telah memberi kebenaran kepada plaintif melantik NSRIR sebagai pengganti D3 sebagai pengedar baharunya sudah tentu tidak boleh wujud bersama dengan tanggungjawab berterusan pihak-pihak di bawah perjanjian 2008. Dengan itu tuntutan balas D3 untuk pembatalan salah perjanjian 2008 terpaksa ditolak (lihat perenggan 54–55 & 59).

(3) Plaintif adalah 'orang yang terkilan' kerana ia adalah pemilik cap dagangan 'Neem/Neem Active' dan D3 telah mengimport dan mengedarkan ubat gigi pendahulu plaintif di Malaysia yang mempunyai cap dagangan 'Neem/Neem Active' untuk kira-kira 15 tahun dan cap dagangan yang didaftarkan oleh D2 mempunyai tanda 'Neem' dalam 'Dr. Neem'. Tiada keperluan bahawa plaintif mesti terlebih dahulu menjadi pemilik berdaftar cap dagangan sebelum ia boleh mengaktifkan peruntukan berkaitan Akta Cap Dagangan 1976 khususnya s 45 untuk pembetulan Daftar Cap Dagangan untuk perlindungannya. Oleh itu plaintif telah memenuhi keperluan ambang untuk menjadi 'orang yang terkilan' dalam mencabar pendaftaran cap dagangan D2 di bawah s 45 Akta Cap Dagangan 1976 (lihat perenggan 69–70 & 72).

(4) D3 hanyalah pengimport dan pengedar Malaysia yang tidak mempunyai sebarang hak proprietari harta intelek plaintif dan pendahulunya. Plaintif dan pendahulunya adalah pengguna pertama dan pemilik undang-undang am cap dagangan 'Neem/Neem Active' di Malaysia (lihat perenggan 81 & 88).

(5) Berkenaan pengetahuan D2, ia boleh dianggap jika tabir perbadanan telah disingkap dan mendedahkan bahawa D3 adalah alter egonya. Lagipun adalah sangat penting bahawa D3 juga memberi keterangan untuk D2 dan juga D1 dan lebih daripada kemudahan semata-mata tetapi ukuran kesamaan niat dan pertemuan kepentingan untuk secara jahat mengambil kesempatan daripada keistimewaan dan nama baik yang dijana oleh plaintif dalam penggunaan tanda 'Neem/Neem Active'. Terdapat keadaan khusus dan juga demi kepentingan keadilan untuk menyingkap tabir perbadanan D2. Dengan menyingkap sedemikian, pengetahuan D3 tentang pengguna pertama dan pemilikan

undang-undang am plaintif bagi cap dagangan 'Neem/Neem Active' telah dianggap kepada D2 (lihat perenggan 96 & 101–102).

(6) Kewujudan serentak ubat gigi 'Dr. Neem' D2 dan ubat gigi 'Neem Active' mewujudkan kemungkinan penipuan atau kekeliruan kepada pengguna Malaysia. Cap dagangan itu mengelirukan sehingga orang yang tidak tahu tanpa sepasang mata penyiasat akan menyangka bahawa produk yang mengandungi dua tanda berbeza itu datang dari sumber yang sama atau dari pengeluar atau pengedar yang sama. Walaupun cap dagangan mungkin tertakluk kepada penafian perkataan tidak tersendiri, pemilik mempunyai hak untuk menggunakan gabungan unsur-unsur tersendiri dan tidak tersendiri bagi tanda itu, sama ada di India di mana ia didaftarkan atau di Malaysia di mana ia tidak didaftarkan. Mereka masih perlu dibaca bersama seperti dalam penggunaannya sebagai ubat gigi 'Neem Active'. Hakikat bahawa plaintif tidak mempunyai monopoli ke atas penggunaan tanda 'Neem' tidak memberi defendan hak untuk menggunakan cap dagangan berdaftar yang sangat mirip dengan cap dagangan plaintif yang tidak berdaftar sehingga mungkin menyebabkan penipuan atau kekeliruan kepada orang ramai (lihat perenggan 106, 110, 120 & 122).

(7) Plaintif, sebagai orang yang terkilan, telah berjaya membuktikan kes untuk pembetulan daftar menurut s 45 Akta Cap Dagangan 1976 berkenaan dengan cap dagangan berdaftar D2 'Dr. Neem' oleh sebab penipuan ke atas pendaftar cap dagangan serta telah mencipta penipuan atau kekeliruan vis a vis cap dagangan 'Neem/Neem Active'. Relif yang munasabah dan sewajarnya bukanlah untuk menghapuskan atau membatalkan keseluruhan pendaftaran tetapi mengubah pendaftaran dengan menambahkan penafian, pengehadan atau pengecualian perlindungannya kepada ubat gigi. Perintah sedemikian adalah adil kerana kedua-dua pihak pada masa ini memasarkan ubat gigi masing-masing di Malaysia hanya dalam persaingan langsung antara satu sama lain, selaras dengan prinsip bahawa seseorang tidak sepatutnya mempunyai monopoli terhadap yang lain dan memandangkan bahawa 'Neem/Neem Active' bukan tanda yang terkenal sebagai diakui terus terang oleh plaintif (lihat perenggan 124–126).

(8) Aktiviti promosi dan pengiklanan di Malaysia menuju ke arah menjana nama baik dan reputasi setakat penjualan ubat gigi Neem Active di Malaysia. Kedua, ini adalah kes di mana hakim bicara tidak dihalang dalam apa-apa cara dalam membuat kesimpulan sendiri, selepas analisis teliti ubat gigi yang bersaing dalam rupa keseluruhan, persembahan, pembungkusan dan kedua-dua elemen bunyi dan visual produk, bahawa terdapat adalah salah nyata dan kemungkinan berlaku kekeliruan dan penipuan. Awalan 'Dr' bukan sahaja sengaja direka dalam superskripsi kecil yang luar biasa tetapi seperti malu untuk mendapat awalan 'Dr'

disedari dan kurang jelas. Pengguna tidak mungkin melihat perbezaan dalam kedua-dua tanda dan adalah tidak mungkin kedua-dua produk itu dipamerkan bersebelahan dalam pameran di kedai-kedai. Akhir sekali, plaintif tidak perlu membuktikan kerosakan sebenar yang dialami dalam kehilangan perniagaan tetapi hanya kebarangkalian kerosakan dan dalam kes barangan bersaing mahkamah akan mudah menyimpulkan kemungkinan kerosakan kepada nama baik plaintif melalui kehilangan jualan. Oleh itu, plaintif telah membuktikan kelirupaan terhadap semua defendan dengan ganti rugi yang akan dinilai untuk 'Neem Tooth Paste' plaintif (lihat perenggan 138, 151, 157, 163 & 167).

(9) Campur tangan tidak sah berlaku jika terbukti bahawa tindakan yang menyalahi undang-undang kelirupaan telah dilakukan yang menjejaskan reputasi dan nama baik plaintif dengan akibat yang serupa. Oleh itu, terbukti tort campur tangan tidak sah terhadap dagangan atau perniagaan plaintif oleh semua defendan. Tahap ganti rugi adalah sama sama ada di bawah tort kelirupaan atau campur tangan tidak sah terhadap dagangan atau perniagaan plaintif oleh defendan (lihat perenggan 172–174).]

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Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors [2004] 4 MLJ 358, CA (refd)

Superintendent of Lands and Surveys (4th Div) &a Anor v Hamit bin Matusin & Ors [1994] 3 MLJ 185, SC (refd)

United Biscuits (UK) Ltd v Asda Stores Ltd [1997] RPC 513, Ch D (refd)

Warmal Wil Heavy Duty Pumps Sdn Bhd v Pump Matrix Engineering Sdn Bhd [2018] 10 MLJ 99; [2018] MLRHU 1, HC (refd)

Wieland Electric GMBH v Industrial Automation (M) Sdn Bhd & Anor [2014] 10 MLJ 445, HC (refd)

Worldwide Rota Dies Sdn Bhd v Ronald Ong Cheow Joon [2010] 8 MLJ 297, HC (refd)
Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2012] 1 MLJ 585, CA (refd)
Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd [2012] 6 MLJ 609, FC (refd)

Legislation referred to

Evidence Act 1950 s 73A(2)
Trade Marks Act 1976 (repealed by Trademarks Act 2019) ss 14(1), (1)(a), 25(3), 35(1), 40(2), 45, 45(1), (1)(c), (1)(d), 82

Appeal from: *Jyothy Laboratories Ltd v Puaneswaran a/l Renganathan & Ors and another suit* [2019] MLJU 208 (High Court, Kuala Lumpur)

Paul Aisu (with Noor Iza bt Zainol) (Paul & Assoc) for the appellant.
Sri Sarguna (with Nicole Chong and Tan Xin Ying) (Christopher & Lee Ong) for the respondent.

Lee Swee Seng JCA (delivering judgment of the court):

[1] This judgment explores the interface between the first and continuing use of an unregistered trademark bearing a noun 'Neem' and sometimes coupled with a descriptive word 'Active' as in 'Neem Active' used in relation to toothpaste and a subsequent registration and use by a previous distributor of a similar trademark 'Dr. Neem' in a breach of contract, passing off, unlawful interference with business as well as in an expungement or rectification of trademark proceeding.

AT THE HIGH COURT

[2] The intellectual property disputes between the parties herein have its genesis in the three agreements entered into between the plaintiff's predecessors-in-title and Perusahaan Bumitulin ('PB') with respect to the use of the unregistered trademark 'Neem' and 'Neem Active' ('Neem/Neem Active') in Malaysia in relation to the products being distributed in the designated countries.

[3] The plaintiff is the respondent this appeal and the defendants who are the appellants here are parties related in one way or another to Perusahaan Bumi Tulin Sdn Bhd ('PBTSB') and the third defendant. The High Court suit is Suit No WA-22IP-21–02 of 2023 ('22IP Suit') which is the current Civil Appeal No W-02(IPCV)(W)-551–03 of 2019 ('Appeal 551').

[4] The plaintiff succeeded in its cause of action under breach of contract,

passing off and unlawful interference of trade where the use of the competing trademarks on toothpaste was concerned.

[5] There was also another related case heard together in the court below where the plaintiff had applied for the second defendant's registered trademark 'Dr. Neem' to be removed. The second defendant was the sole defendant in the original originating summons action which was later converted into a writ and heard together. The High Court Suit is Suit No WA-24IP-5–03 of 2018 ('24IP Suit') and the appeal therefrom to this court is Civil Appeal No W-02(IPCV)(W)-552–03 of 2018 ('Appeal 552').

[6] Essentially after the termination of the last of the three agreements, the plaintiff discovered that the defendants had used the trademark 'Dr. Neem' to pass off their products as that of the plaintiff in that the defendants had misrepresented and created confusion or deception vis a vis the 'Neem/Neem Active' trademark of the plaintiff.

[7] The learned judge found that the defendant in 24IP Suit with respect to Trademark Registration No 2014001321 for toothpaste had been obtained by fraud on the Registrar of Trademark as well as having created confusion or deception as against the plaintiff's 'Neem/Neem Active' trademarks.

[8] A permanent injunction was inter alia granted in favour of the plaintiff and an order was made to have the second defendant's trademark 'Dr. Neem' rectified by entering a limitation to exclude its application to toothpaste. There were also other reliefs granted in favour of the plaintiff and the judgment is reported as *Jyothy Laboratories Ltd v Puaneswaran a/l Renganathan & Ors and another suit* [2019] MLJU 208; [2019] 1 LNS 847 at paras [106]–[107] the learned judge dismissed the third defendant's counterclaim in 22IP Suit.

[9] In the High Court both the 22IP Suit and 24IP Suit were heard together and as expected the appeals by the respective defendant(s) were also heard together in the appeals before us.

THE PARTIES

[10] The parties shall be referred to as the plaintiff and defendants or sometimes by their respective names for clarity and to avoid confusion of characters.

[11] The plaintiff in both the suits who is the respondent in both the appeals is Jyothy Laboratories Ltd ('Jyothy Lab'). The first, second and third defendants (D1-D3) in 22IP Suit are Puaneswaran a/l Renganathan t/a TSR Herbal World, Bumitulin Herbal World (M) Sdn Bhd ('Bumitulin') and

Thangaraj Rajoo a/l Malayappan ('Rajoo') respectively. Rajoo also trades as the sole proprietor under the name and style of PB.

[12] The sole defendant in 24IP Suit is D2 in 22IP Suit, Bumitulin.

The plaintiff and its predecessors-in-title

[13] The Calcutta Chemical Company Ltd ('CCCL') of India had, since its establishment in 1916, been involved in the manufacture of consumer products including Margo soap and Neem toothpaste. CCCL registered the trademark 'Neem' and 'Neem Tooth Paste' with the IPO of India in 1950 and then in 2004 it registered the 'Neem Active' trademark with the IPO of India.

[14] Through a series of mergers and acquisitions the 'Neem/Neem Active' trademarks finally devolved onto the plaintiff Jyothy Lab. Prior to the entity in the present plaintiff, CCCL became a subsidiary of Henkel SPIC India Limited ('Henkel SPIC') in 2004 and its name was changed toward Henkel India Ltd ('HIL'). Later by an order of the Madras High Court dated 26 April 2005 Henkel SPIC and HIL were amalgamated. There was a subsequent change of name by Henkel SPIC to Henkel India and HIL to Jyothy Consumer Products Ltd ('JCPL').

[15] The tracing of the genealogy ended with Henkel India being acquired by JCPL sometime in 2011–2012 and by an order of the Bombay High Court dated 12 April 2013 when JCPL was amalgamated with the plaintiff Jyothy Lab.

[16] While the tracing of the plaintiff's roots and with that the ownership and devolution of the 'Neem/Neem Active' trademarks, appears tedious, thankfully nothing turns on it. The current dispute, the subject matter of this appeal, turns on the rights of the first and continuing user of the unregistered trademarks with respect to toothpaste as against that of a subsequent registered owner of a similar trademark in Malaysia with MyIPO for all classes of goods in Class 3.

The defendants and their relationships

[17] With respect to the defendants their origins are more recent and the web of relationships appear to revolve around Rajoo D3, a Malaysian. In 1996 Rajoo established his business as a sole proprietorship PB and was involved in the business of importing and selling herbal healthcare products such as the Nilgiri Gymnema tea in Malaysia. He used the slogan 'Herbs for Healthy Living'.

[18] In 1997, Rajoo set up D2 Bumitulin and was its founding director. D2 operated together with PB under one roof with its business of trading in herbal and healthcare products in Malaysia. The slogan was changed to 'Herbal for Healthy Living'. In the course of his business, Rajoo procured from a Sunsan Corp and distributed shampoo containing neem/*daun semambu* in Malaysia. D2 is also the registered owner of the 'Dr. Neem' trademark with MyIPO under Class 3.

[19] Rajoo is also a director and shareholder of another company PBTSB, the other director being his son Anantha Krishna a/l Thanga Rajoo who is also a 50% shareholder in D2 Bumitulin.

Whether D3 had breached the contract with respect to the plaintiff's trademarks

[20] First there was the overseas distribution agreement dated 15 December 2001 ('2001 agreement') executed between PB and CCCL wherein PB was appointed as CCCL's authorised distributor for CCCL's Neem Active toothpaste in Malaysia, Singapore, Thailand, Brunei, Indonesia and Philippines. The salient terms of the 2001 agreement. PB was referred to in the 2001 agreement as 'PERUSAHAN' and CCCL as 'CCCo'.

[21] The appointment was for a period of three years and shall be extended for such further periods as may be mutually agreed upon by the parties. The other salient terms that are relevant to the goodwill, get up and reputation of CCCL are as follows:

> 3.1 *CCCo shall provide the said product in standard export packing and in accordance to PERUSAHAN's specifications* duly accepted by CCCo in writing and shall always ensure that the quality of the product is maintained.
>
> 4.1 PERUSAHAN shall market the said product only in the countries authorised by CCCo. PERUSAHAN *shall not sell, market or distribute nor appoint any other party to sell, market or distribute in any other country or any other product competing with the said product* without the prior written approval of CCCo.
>
> 4.2 PERUSAHAN shall be solely responsible to procure and obtain the relevant documents, licenses and permits for importing, marketing and distributing the said products in the said countries. PERUSAHAAN shall always comply with all relevant statutory regulations and *keep CCCo safe of any litigation or damage to the reputation of CCCo and the said product.*
>
> 4.4 *PERUSAHAN shall make a proper application within 30 days from the date hereof the registration of the said product's brand name with the Trade Mark Registration Authorities in each of the said countries* and complete the registration within six months or such time as may be extended in writing by CCCo. (Emphasis added.)

[22] Then there was a second overseas distribution agreement dated 17 February 2005 ('2005 agreement') executed between PB and CCCL where

PB was again appointed as CCCL's authorised distributor for CCCL's Neem Active toothpaste but only in Malaysia. The salient terms of the 2005 agreement are almost similar to the 2001 agreement for another three years with retrospective effect from 15 December 2004 and the same may be extended for further periods as may be mutually agreed between the parties.

[23] Finally there was the business development agreement dated 10 October 2008 ('2008 agreement') between PB and HIL where PB, whose sole proprietor is Rajoo D3, was appointed as HIL's business development representative in Malaysia and referred to as 'BDR' in the 2008 agreement. HIL was referred to in the 2008 agreement as the 'company'.

[24] The salient terms of the 2008 agreement are as follows:

1. The agreement is effective from 10th October 2008, and shall remain in force until either party deciding the termination this agreement as per clause no.19.

2. 'Products' shall mean such of the *products being manufactured and/or marketed by the Company which are to be marketed by the BDR and Company from time to time (mentioned in Annexure-1) including advertisement and sales promotion material, packaging material and other related items* in such quantities as may be despatched by the Company from time to time.

5(a) BDR shall, during the continuance of the agreement, purchase all of its requirements of the products from the Company and shall diligently and faithfully distribute these products in the territory and *shall use its best endeavours to improve the goodwill of the Company in the territory and shall sell the products in as many outlets in the said territory as possible and shall ensure the best possible displays of the products in the sales outlets in the said territory.*

5(b) BDR shall not do anything that may prevent the sale or interfere with the development of sales of the Company's product in the territory during or at any time after the expiry of the contract.

14(a) *The trademarks of the brands/products supplied by the Company and the goodwill symbolised thereby shall be exclusive property of the Company* or of the owner of the trade mark who may have licensed use thereof to the Company, as the case may be and *BDR shall not claim any rights, title or interest (therein directly or indirectly).* BDR shall not bring such title of validity thereof into issue at any time *even after the expiration or termination of this Agreement or do or suffer to be done any act or thing which might impair the Company's (or the owner's) ownership of the said trademarks.*

14(b) The Company shall indemnify BDR against any claims or demands made against BDR on account of the user of the said marks on the Products, provided BDR promptly notifies the Company of any claims and demands and co-operates fully with the Company to defend such claim and/or demand. *If BDR comes to know of any infringement of the said mark by any third party, it shall forthwith advise the Company of the same. BDR will at all times if so required by the Company render to the Company, all assistance to restrain infringement or threatened infringement of any such trade mark, trade name, copyright, design, label, wrapper or display material or passing off of Company's products*.

14(c) The trademarks and Copyright in respect of the products sold by BDR as per terms of this agreement, shall not be used by BDR in any manner whether it is prejudicial to the interest to the company or not and such violation would result invalidation of this Agreement.

16(B)(1) In view of the assistance, expertise and proprietary know-how placed at the disposition of BDR, and in order to protect such expertise and know-how, *BDR shall not, during the term of this Agreement, either directly or indirectly, import, distribute, sell or promote the sale, or carry on any such activities for or be associated with any company dealing in goods which compete with or are similar to any product of the Company*. Any exemption to this prohibition must be agreed to in writing by the Company. (Emphasis added.)

[25] It is not in dispute that the products listed in Annexure-1 to the 2008 agreement included Neem Toothpaste and thus it would be fair to say that between 2003 and 2015, PB of which D3 is its sole proprietor, imported the Neem Active toothpaste for distribution in Malaysia.

[26] However in spite of the above contractual obligation of PB to at all times safeguard the trademarks of the plaintiff, D2 Bumitulin of which D3 was its founding director applied for registration of the 'Dr. Neem' trademark with MyIPO Trade Mark Registration as Trade Mark Registration No 2014001321.

[27] D1 Puneswaran in turn manufactured and marketed the 'Dr. Neem' toothpaste as displayed in his website http:/drneem.com.my/index.php?route=product//product&product_id=56 that carried Bumitulin's registered trademark as the brand of the product in Malaysia.

[28] The High Court found as a matter of fact that the 2008 agreement had been terminated by early 2015 by mutual conduct and consent of the parties and the plaintiff Jyothy Lab then appointed NSR Imex Resources Sdn Bhd ('NSRIR') as its new Malaysian distributor with the consent and approval of D3 Rajoo.

[29] The High Court also found that the plaintiff and Rajoo as D3 had treated themselves as being bound by the 2008 agreement by novation or are otherwise by conduct estopped from contending otherwise and further that Rajoo through PB had been appointed to market the Neem Active toothpaste in Malaysia because of his experience and possibly also expertise of the Malaysian consumer market.

[30] Very importantly, the learned judge found that there was no intention of the plaintiff assigning or transferring its intellectual property rights particularly its trademarks 'Neem/Neem Active' to PB/Rajoo including the rebranding of 'Neem Active' to 'Herbal Neem'.

[31] It was in the context and against the backdrop of previously the overseas distributorship agreement in the 2001 and 2005 agreements and later the business development agreement in the 2008 agreement that the plaintiff through its predecessors-in-title had furnished Rajoo a copy of the packaging of its 'Neem Active' toothpaste to assist in customising it for the Malaysian consumer market and obtain the approval of the then National Pharmaceutical Control Bureau of Malaysia.

[32] Whilst it was D2 Bumitulin that had applied for registration of the trademark 'Dr. Neem' the learned judge found that it was D3 Rajoo/PB who had in 2014 caused or allowed Bumitulin to file its application for registration of the 'Dr. Neem' trademark with MyIPO. This is in breach of cl 14(a), (b) and (c) of the 2008 agreement as highlighted in bold above.

[33] D3's argument was that he was duty bound and obliged by cl 4.4 of the 2001 agreement and the 2005 agreement to make the application which he did in good faith. That to us is a self-destructive argument.

[34] Assuming for a moment that the terms of the 2001 and 2005 agreement have not been superseded by the 2008 agreement, there was no rhyme or reason for D3 to register the trademark 'Dr. Neem' so secretively and if we may add, surreptitiously, without informing and certainly not keeping the plaintiff posted on the progress. Moreover, if it was the contractual obligation that D3 wanted to fulfil, rather late in the day after the long expiry of the 2001 agreement and way past the expiry of the 2005 agreement, then the registration must be in D3's name and not another entity not known to the plaintiff and which D3 had even tried to distance itself from.

[35] There is further no good reason to register the trademarks of 'Neem/Neem Active' in D3's name or for that matter in D2's name for there was no assignment or transfer of the goodwill in the business and the trademark to D3 but only his appointment as the plaintiff's distributor.

[36] Even for the sake of argument, if a written consent by a foreign manufacturer to a local importer to register his trademark locally had been obtained, the position of the law is as stated in *Hai-O Enterprise Bhd v Nguang Chan* [1992] 4 CLJ 1985; [1992] 2 CLJ Rep 436 where Mahadev Shankar J (later JCA) observed astutely as follows:

> [6] A written consent by a foreign manufacturer to a local importer to register his trade mark locally cannot be treated as an assignment unless the goodwill of the business of the manufacturer is also assigned: *Pinto v Badman* referred.

A **[37]** The trademark meant for registration was that of 'Neem/Neem Active' and not 'Dr. Neem' to which neither the plaintiff nor its predecessors had consented to or approved of registration in the name of D3 but in their respective names and in D3's name at most, as a registered user during the period of the agreements.

B

[38] Little wonder that the learned judge found D3's defence implausible. The learned judge had noted that by 2014 when the registration was made by D2, the governing agreement was the 2008 agreement which did not contain the equivalent of cl 4.4 of the 2001 agreement and 2005 agreement.

C

[39] We further agree that even assuming the 2001 agreement and 2005 agreement are binding the application would be in the name of the plaintiff Jyothy Lab and not D2 Bumitulin.

D

[40] What was difficult to conceal as it was crying out for expression was that D3 had made the application in bad faith in business competition with the plaintiff but distancing it's obvious nexus by registering it in the name of D2 where he had placed his son as a director and a 50% shareholder of D2 and once the purpose had been achieved to then further dissociate himself from D2 by resigning as its director.

E

[41] What D3 had done or caused to be done goes counter and is contrary to his contractual commitment to not bring the trademarks of the plaintiff into issue at any time even after the termination of the agreement as prohibited in cl 14(a) '*even after the expiration or termination of this Agreement or do or suffer to be done any act or thing which might impair the Company's (or the owner's) ownership of the said trademarks*'. (Emphasis added.)

F

G **[42]** Instead of being vigilant of any '*of any infringement of the said mark by any third party*,' which then requires him to '*forthwith advise the Company of the same*'. (Emphasis added.) under cl 14(b), he was instead craftily covering his tracts less it be discovered too early that the trademark 'Dr. Neem' had been registered by D2 whose name alone 'Bumitulin Herbal World (M) Sdn Bhd' suggests some affiliation and association with D3 and his sole proprietorship 'Perusahaan Bumitulin' and PBTSB of which he is a director.

H

[43] Apparently D3 Rajoo or D2 Bumitulin had by 2014 garnered voluminous sales and reaped a wide reputation for the get up of his/its herbal products including toothpaste.

I

[44] Rajoo had been entrusted under cl 14(c) of the 2008 agreement that during the term of the 2008 agreement, he was not to *'either directly or indirectly, import, distribute, sell or promote the sale, or carry on any such activities*

for or be associated with any company dealing in goods which compete with or are similar to any product of the Company'. (Emphasis added.)

[45] For the reasons given above as alluded to by the learned judge, we are in full agreement with him in his conclusion that D3 Rajoo had breached cl 14(a), (b) and (c) of the 2008 agreement.

Whether the plaintiff had breached the contract by failing to give notice to terminate the 2008 agreement

[46] D3 Rajoo's pleaded in para 87 of the defence and counterclaim that cl 19(c) of the 2008 agreement provided for the parties to give a 180-day notice in writing to terminate the agreement. In para 88 of the defence and counterclaim D3 pleaded that around the end of 2015 D3 realised that NSRIR had been appointed by the plaintiff to import and distribute 'Herbal Neem' toothpaste.

[47] D3 further pleaded in para 89 of the defence and counterclaim that the plaintiff, by appointing NSRIR without due notification to D3, was in repudiatory breach of the agreement and caused the termination of the 2008 agreement and the resulting loss to D3 for which the D3 claimed damages.

[48] The learned judge was right in summarising the pleading and position of D3 on the alleged repudiation of the agreement by the plaintiff as follows:

> [41] In essence, PB contended that Jyothy wrongfully appointed NSRIR as its Malaysian distributor without prior consent or even notification to PB. It is in other words a repudiatory breach of contract by Jyothy; see *Rasiah Munusamy v Lim Tan & Sons Bhd* [1985] 2 MLJ 291.

[49] The plaintiff denied that it had wrongly repudiated the agreement by the appointment of NSRIR. The plaintiff was thus entitled and indeed incumbent on it, to adduce evidence that there was due notice given to D3 on the change of distributorship. The evidence adduced before the High Court was that D3 had since late 2014 displayed no interest in the importation of the plaintiff's product such as the Neem Active toothpaste and Margo soap. The learned judge concluded that eventually that led to the mutual termination of the 2008 agreement as follows:

> [43] From the evidence adduced before me, it is evident in Jyothy's email to Rajoo dated 1 October 2014 sent by PW2 to DW1 that Jyothy had difficulty working with PB/PBSB at that time and sought for the proof of ownership of its importer/distributor. There was only a curt response from PB by return email of even date.

> Subsequently by PB's emails to Jyothy dated 26 February 2015 and later 13 May 2015 sent by DW1 to PW2 and several others, PB complained on product price increases and as well as the GST impact which resulted in recent unexpected sudden sales drop ...
>
> [44] In the circumstances, I find as asserted by Jyothy that Rajoo was no longer interested in carrying on the distributorship of Jyothy's products. Besides price increase, GST payment and the declining consumer market that motivated the disinterestedness, I find that Rajoo was then also keener to concentrate on the sales of the products of his or his connected business entities particularly Bumitulin and PBSB. *From the conduct of the parties, it was therefore agreed that the distributorship is substituted from PB to NSRIR.*
>
> [45] This is *corroborated by Jyothy's letter dated 11 June 2015 to the National Pharmaceutical Control Bureau of Malaysia informing the Bureau of the change of distributorship to NSRIR. In addition, this is also corroborated by PB's letter dated 25 June 2015 to the National Pharmaceutical Control Bureau of Malaysia authorising the change of the distributorship. It is an admission by PB. I am nonetheless aware Rajoo has suggested that the aforesaid PB's letter was forged but he did not appoint a hand writing expert to verify the authenticity of the signatory. The burden of proof of forgery is plainly upon him but he failed to satisfactorily discharge it with cogent evidence*; see *Astana International Sdn Bhd & Ors v RHB Bank Bhd & Ors* [2012] 3 MLJ 758; [2012] 1 LNS 94. I therefore exercise my discretion to admit PB's letter dated 25 June 2015 pursuant to s 73A(2) of the Evidence Act 1950 in order not to delay the conclusion of the trial. That aside, I am also aware that Rajoo suggested PW3 who is a former PB employee hijacked Rajoo's business as contained in the 2008 agreement. I find that this is again not proved by Rajoo after listening to his testimony as well as that of PW3. *I find the latter to be a more credible and believable witness in light of the probabilities of the entire circumstances prevailing at that time including intention and motives gleaned from the documentary evidence*. (Emphasis added.)

[50] It was thus premised on the evidence before the High Court that the learned judge found that the 2008 agreement was mutually terminated around June 2015.

[51] The learned judge also looked at the lack of contemporaneous protest whatsoever by PB/Rajoo against his allegation that the termination had been unlawfully or wrongfully imposed upon by Jyothy and he further observed that this would not have been the natural reaction if it was otherwise.

[52] It was after careful evaluation of the evidence before him that the learned judge found and held that D3 Rajoo's contention that the 2008 agreement was repudiated was misconceived and unsustainable.

[53] There is nothing amiss or in violation of the basic principle of pleadings for D3 to plead wrongful termination because of repudiatory breach with the plaintiff denying the same and for the trial judge to decide based on the

evidence admitted before it that there was no repudiatory breach of the agreement with the end result that the agreement was mutually terminated.

[54] The learned judge's finding on mutual termination was an outflow from and the end result his finding that the appointment of NSRIR as the new distributor was with PB's consent as evidenced in his letter dated 25 June 2015 to the National Pharmaceutical Control Bureau of Malaysia authorising the change of the distributorship. The appointment of NSRIR was with due notification to D3 for otherwise D3 would not have written the letter of 25 June 2015 to the National Pharmaceutical Control Bureau of Malaysia which letter had been admitted as evidence as D3 did not produce any expert to say that the signature on the said letter was a forgery.

[55] There was no material departure from the pleadings at all. The finding that D3 had consented to the plaintiff appointing NSRIR in place of D3 as its new distributor cannot of course co-exist with the continuing obligation of the parties under the 2008 agreement. The finding of mutual termination arose out of and was the eventual result of the factual matrix that was presented before the trial judge without objection by the defendants on ground of pleading.

[56] The dicta of the Supreme Court's decision in *Superintendent of Lands and Surveys (4th Div) & Anor v Hamit bin Matusin & Ors* [1994] 3 MLJ 185 comes to mind. The headnotes had summarised the facts as follows:

> The plaintiffs applied for an injunction, inter alia, to restrain the defendants from building on certain state lands ('the lands'), over which the plaintiffs claimed to have acquired native customary rights. At the trial, one of the reasons for the defendants' denial of the existence of such native customary rights was that the lands were situated within a river bank reserve on which no one could claim any title thereon by virtue of the Sarawak Land Code (Cap 81). Another reason was that the lands once belonged to Sarawak Shell Oil Ltd. In the final submission after the conclusion of all the evidence, an objection was raised by the Plaintiffs for the first time that such defences were not pleaded and ought to be disregarded under O 18 r 7(1) of the Rules of the High Court 1980.

[57] It was held at p 190 as follows:

> ... *Therefore, when such evidence represents a departure from pleadings, it should be objected to as and when and where it is adduced*, and it will be *too late when it only objected to later on, as in the final submission at the close of evidence* in the instant appeal. In these circumstances, *the party facing such evidence at variance from the pleadings, by failing to object, cannot be said to be taken by surprise, prejudiced, misled or embarrassed*. Otherwise, the other side of the coin would be, in the event of such an objection raised at the stage of final submission being accepted by the court, that the party adducing such evidence may face the great risk of being denied leave to amend his pleadings in question at that stage.

> *Such evidence, when given without any objection by the opposing party, will further have the effect of curing the absence of such plea in the relevant pleading*, in other words, the effect of overcoming such defect in such pleading ... (Emphasis added.)

[58] Likewise in the case of *KEP Mohamed Ali v KEP Mohamed Ismail* [1981] 2 MLJ 10 at p 12, it was said:

> ... As one of the objects of modern pleadings is to prevent surprise, we cannot for one moment think that the defendant was taken by surprise. To condemn a party on a ground of which no material facts have been pleaded may be as great a denial of justice as to condemn him on a ground on which his evidence has been improperly excluded.

[59] With that finding the counterclaim of D3 for wrongful repudiation of the 2008 agreement had to be dismissed which the learned judge rightly did.

Whether the registration by D2 of 'Dr. Neem' trademark with MyIPO ought to be expunged for Class 3 or rectified with the limitation to exclude toothpaste

[60] It cannot be seriously disputed that the plaintiff through its predecessors-in-title had been using the 'Neem/Neem Active' unregistered trademark in Malaysia since the 2001 agreement and such usage continued through with the 2005 agreement and 2008 agreement for consumer products in particular toothpaste in Malaysia through its distributor D3.

[61] The plaintiff further argued that it has acquired the reputation and goodwill on its business by virtue of the usage of the trademark not just in Malaysia since 2001 but also earlier starting from India and then all over the world.

[62] The plaintiff also argued that it is the rightful and common law proprietor of the 'Neem/Neem Active' trademark in Malaysia.

[63] It is a fact that D2 Bumitulin had only in 2014 registered the 'Dr. Neem' trademark with MyIPO in Class 3 via Trade Mark Registration No 2014001321.

[64] The plaintiff Jyothy Lab consequently contended that it is an 'aggrieved person' for purposes of challenging the trademark registration obtained by D2 Bumitulin under s 45 of the Trade Marks Act 1976 in an action for rectification of the Register of Trade Marks. That was the action in the IP24 Suit.

[65] The plaintiff had also on top of s 45 invoked ss 14(1), 25(3), 35(1), 40(2) and 45(1) of the Trade Marks Act 1976 as follows:

14 Prohibition on registration

(1) A mark or part of a mark shall not be registered as a trade mark —

(a) if the use of which is likely to *deceive or cause confusion to the public or would be contrary to law*;

(b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law;

(c) if it contains a matter which in the opinion of the Registrar is or might be prejudicial to the interest or security of the nation;

(d) if it is identical with or so nearly resembles a mark which is well-known in Malaysia for the same goods or services of another proprietor;

(e) if it is well-known and registered in Malaysia for goods or services not the same as to those in respect of which registration is applied for:

Provided that the use of the mark in relation to those goods or services would indicate a connection between those goods or services and the proprietor of the well-known mark, and the interests of the proprietor of the well-known mark are likely to be damaged by such use;

(f) if it contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the mark for such goods in Malaysia is of such a nature as to mislead the public as to the true place of origin of the goods; or

(g) if it is a mark for wines which contains or consists of a geographical indication identifying wines, or is a mark for spirits which contains or consists of a geographical indication identifying spirits, not originating in the place indicated by the geographical indication in question.

25 Registration

(3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or *subject to such conditions, amendments, modifications or limitations*, if any, as he may think right to impose.

35 Rights given by registration

(1) Subject to the provisions of this Act, the registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register.

45 Rectification of register

(1) Subject to the provisions of this Act —

(a) the Court may on the application in the prescribed manner of any *person aggrieved* by the non-insertion in or omission from the Register of any entry or by any entry made in the Register *without sufficient cause or by any entry wrongfully remaining in the Register,* or by any error or defect in any

A entry in the Register, make such order for *making, expunging or varying such entry as if thinks fit;*

(b) the Court may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the Register;

B

(c) in *case of fraud in the registration,* assignment or transmission of a registered trade mark or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;

(d) an order of the Court rectifying the Register shall direct that notice of the rectification be served on the Registrar in the prescribed manner and the Registrar shall upon receipt of the notice rectify the Register accordingly. (Emphasis added.)

C

[66] The defendant there was D2 because D2 applied for and is registered as D the owner of the trademark 'Dr. Neem'.

[67] The plaintiff had relied on the Federal Court cases of *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741; [2009] 4 CLJ 749, *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 2 E MLRA 211 and *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)* [2015] 6 MLJ 465.

Whether the plaintiff Jyothy Lab is an aggrieved person

F **[68]** A person is said to be an 'aggrieved person' for the purpose of challenging a registered trademark if he had sufficient interest in the mark challenged. The question as to who is an 'aggrieved person' has been settled by the Federal Court in *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)* and we can do no better G than to set out the explanation given by Azahar Mohamed FCJ (now CJM) when he held as follows:

> [27] There was not much dispute that the plaintiff was a person aggrieved and therefore had sufficient locus standi to initiate this present cause of action against H the defendant for rectification of the defendant's tiger stripes design trademark. In fact, the point as to whether the plaintiff was a person aggrieved had been settled by this court in *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741; [2009] 4 CLJ 749 and *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 3 CLJ 661 (see also *The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd* [2011] 2 I MLJ 768; [2011] 9 CLJ 394 and *Godrej Sara Lee Ltd v Siah Teong Teck & Anor (No 2)* [2007] 7 MLJ 164; [2008] 7 CLJ 24).
>
> [28] *A person aggrieved is a person who has used his mark as a trademark or who has a genuine and present intention to use his mark as a trademark in the course of a trade which is the same as or similar to the registered trademark that the person wants to have*

removed from the register. The person must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered trademark. The interest and right must be legal or lawful. (Emphasis added.)

[69] We are more than satisfied that the plaintiff is an 'aggrieved person' as it is the proprietor of the trademark 'Neem/Neem Active' as clearly spelt out in the three agreements between the plaintiff's predecessors and D3 and D3 had been importing and distributing the plaintiff's predecessors' toothpaste in Malaysia bearing the 'Neem/Neem Active' trademarks for some 15 years and the trademark registered by D2 bears the mark 'Neem' in 'Dr. Neem'.

[70] There is no requirement that the plaintiff must first be a registered owner of a trademark before it can activate the relevant provisions of the Trade Marks Act 1976 in particular s 45 for rectification if the Register of Trade Marks for its protection.

[71] Here the plaintiff is not bringing an infringement action with respect to the defendants' infringement of its trademarks for after all its trademarks are not registered with MyIPO. The plaintiff is bringing a rectification action under the Trade Marks Act 1976 and a common law action for passing off.

[72] Thus the plaintiff had met the threshold requirement of being an 'aggrieved person' in challenging the registration of D2's trademark under s 45 of the Trade Marks Act 1976.

Whether the plaintiff and its predecessors were the first user of the 'Neem/Neem Active' trademarks in Malaysia and its common law proprietor

[73] D2 Bumitulin mounted the argument that D3 Rajoo is the common law proprietor of the 'Neem' and 'Herbal Neem' trademarks because he was the first user of the 'Neem' trademark in Malaysia. Hence, D2 argued that Jyothy Lab did not have monopoly and exclusive right over the 'Neem' trademark despite it having obtained registration via Indian Trade Mark Registration Nos 142532 and 146242.

[74] It was D3 Rajoo who was the sole witness for the defendants. D2 was only incorporated much later by none other than Rajoo as held by the trial judge and indeed if D3 had been using the 'Neem/Neem Active' trademarks earlier before the 2001 agreement, then he had not produced any evidence to support that assertion other than a mere 'say so'.

[75] Here again such an argument of earlier use by D3 is also self-defeating as he would be putting himself in competition against the plaintiff and its

predecessors if he had been continuing to use the 'Neem/Neem Active' trademarks on toothpaste during the period of the three agreements which he had already agreed by the terms of the three agreements to safeguard the trademarks of the plaintiff at all times.

[76] As rightly observed by the learned judge, 'there would undoubtedly be unfair business competition detrimental to Jyothy particularly to its Malaysian business expansion in light of the presence of Bumitulin's registered 'Dr. Neem' trademark since they are competing in the same consumer market'.

[77] Conversely if he had not been using the 'Dr. Neem' and 'Neem Herbal' trademarks then for the during of the agreements from 2001 to 2015, a period of 15 years, he would have been deemed to have abandoned its use. He cannot be squatting and hoarding the trademark for future use.

[78] Evidentially the trial judge found that the plaintiff through its predecessors had plainly used the Neem/Neem Active trademark in Malaysia by virtue of the importation and sale of its Neem Active toothpaste by D3 for many years. There was more than ample documentary evidence such as invoices and packing lists of the toothpastes to support the plaintiff's use of its trademarks in Malaysia.

[79] The learned judge found as a matter of fact that D3 Rajoo, though claiming to be the first user of the 'Neem' trademark in Malaysia, had failed to lead cogent evidence to substantiate his claim. The learned judge continued his analysis of the evidence adduced as follows in his grounds of judgment:

> [60] ... There was only some evidence that he merely distributed herbal shampoos for Sunsan Corp which contained Neem and Shikakai. He was definitely not the manufacturer or producer of those shampoos. I noticed that the trademark on those shampoos is actually 'Sunsan Herbal Shampoo'.
>
> In fact, Rajoo has admitted to the contrary at the trial that in order to import and distribute the Neem Active toothpaste into Malaysia, he had proposed to Jyothy amendments in compliance with local importation regulations such as the addition of the words 'Herbal', 'Daun Semambu' and 'ubat gigi' in Malay, Tamil and Mandarin languages to the packaging. He would not have done so if he was indeed the first user. Likewise, and more pertinently, Bumitulin failed to lead any evidence that it was the first user and hence the common law proprietor of the 'Neem' mark. There is not an iota of it.

[80] The learned judge was satisfied that the plaintiff had at all material times a genuine and present intention to continue to sell its 'Neem Active' toothpaste in Malaysia bearing the 'Neem/Neem Active' trademarks.

[81] We could not agree more with the learned judge that D3 PB/Rajoo was

merely the importer and Malaysian distributor who did not have any proprietary intellectual property rights of the plaintiff and its predecessors. It has been further made explicitly in cl 14 of the 2008 agreement.

[82] It is also very telling that there was a previous expungement proceeding by the plaintiff against PBTSB in the Kuala Lumpur IP High Court in Originating Summons No WA-24IP-4–03 of 2017 for the expungement of the registration of the 'Herbal Neem Active Complete Care' trademark applied for in the name of D3. In that case, Wong Kian Keong JC (now J) held on 11 December 2017 that Jyothy Lab is the common law owner of the 'Neem' and 'Neem Active' trademark and accordingly expunged the mark as sought. See *Jyothy Laboratories Ltd v Perusahaan Bumi Tulin Sdn Bhd* [2018] MLJU 359; [2018] 1 LNS 272.

[83] There was no appeal against the said decision of expungement.

[84] The learned trial judge also noted that the packaging of PB's 'Herbal Neem Active Complete Care' toothpaste plainly printed that 'Neem Active' is the registered trademark of the plaintiff Jyothy Lab and thus D3 PB/Rajoo and by extension D2 are estopped from asserting otherwise when D3 caused D2 to apply for registration of the 'Dr. Neem' trademark.

[85] The first user of a mark becomes the common owner of the mark and this has once again been underscored by the Federal Court in *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)* where Azahar Mohamed FCJ (now CJM) held as follows:

> [39] The law governing the foundation, which led to common law proprietorship over a trademark or source identifier, as we have summarised above, has been well settled. The case of *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd* [1997] 4 MLJ 360 reiterates *the established legal position under common law that a first user of a mark is lawfully entitled to use the said mark*. In the case of *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd*, the court held that in common law, the first person who uses a trademark becomes the proprietor of the mark. Abdul Malik Ishak J (as he then was) said the following:
>
> > The basic common law principle is this: the first person who uses a trademark of an appropriate type within a country becomes the proprietor of the mark (*Re Registered Trade Mark 'Yanx' ex p Amalgamated Tobacco Corp Ltd* (1951) 82 CLR 199 at p 203; *Thunderbird Products Corp v. Thunderbird Marine Products Pty Ltd* (1974) 131 CLR 592 at p 603; *Moorgate Tobacco Co Ltd v. Philip Morris Ltd (No 2)* (1984) 59 ALJR 77 at p 83). It is said that a person who becomes proprietor of a trademark in this way is entitled at common law to restrain a person who later commences to use the trademark.
>
> [40] In the case of *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7, the Court of Appeal held that *there was nothing unlawful under the Act for*

a Malaysian trader to become the registered proprietor of a foreign mark used for similar foreign goods provided that the foreign mark had not been used at all in Malaysia. Mahadev Shanker JCA said:

> Trade mark law is very territorial in many aspects. So, it will be useful to keep in the forefront of our minds that, however distasteful it may be for a trader in one country to appropriate the mark of a foreign trader who is using that mark in a foreign country, there is nothing unlawful under the Trade Marks Act 1976 for a Malaysian trader to become the registered proprietor of a foreign mark used for similar foreign goods provided that the foreign mark has not been used at all in Malaysia. (Emphasis added.)

[86] The clear position both under the contract between the parties in the 2008 agreement as well as under common law has been succinctly summarised in *Hai-O Enterprise Bhd v Nguang Chan* as follows:

> [1] A foreign manufacturer who places his trade mark upon his product which he intends to export for sale into Malaysia is the proprietor of that mark: *Estex Clothing Manufacturers Pty Ltd v Ellis & Goldstein Ltd* followed.
>
> [2] An importer of such goods, notwithstanding the acquisition of a commercial reputation therefore, does not acquire any proprietary rights over a manufacturer's mark merely by being a conduit from manufacturer to ultimate consumer: *Riv-Oland Marble Company (Vic) Pty Ltd v Settef PA* referred.

[87] The efforts of a local distributor to popularise and promote the trademark of its foreign principal in Malaysia does not cause any intellectual property rights or goodwill therein to inure to the local distributor. See *Wieland Electric GMBH v Industrial Automation (M) Sdn Bhd & Anor* [2014] 10 MLJ 445.

[88] We are more than satisfied and agree with the learned judge that the plaintiff and its predecessors are the first user and common law proprietor of the trademark 'Neem/Neem Active' in Malaysia.

Whether the registration of 'Dr. Neem' trademark was procured fraudulently by D2 at the behest of D3

[89] Section 45(1)(c) and (d) of the Trade Marks Act 1976 provides as follows:

> (c) in case of *fraud in the registration*, assignment or transmission *of a registered trade mark* or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;
>
> (d) an order of the Court rectifying the Register shall direct that notice of the rectification be served on the Registrar in the prescribed manner and the Registrar shall upon receipt of the notice rectify the Register accordingly. (Emphasis added.)

[90] It has been held that it might be fraud for a person to procure the registration of a trademark of which he knows he is not entitled to claim the exclusive use — for instance if he knows that it is in use by another trader and more so when it is for the same goods, in this case toothpaste. The fraud referred to is not just fraud on the foreign manufacturer but also fraud on the Registrar of Trade Marks and through the Registrar to other traders and the Malaysian public.

[91] This was how Mahadev Shankar J (later JCA) explained it in *Hai-O Enterprise Bhd v Nguang Chan*:

> I say this because the fraud that is here referred to is not just the fraud on the foreign manufacturer. *It is the fraud on the Registrar and through the Registrar on other traders and the Malaysian public*. As between an importer and his manufacturer it may well be that he has consent to register, as did the importer, in *Diehl or Riv-Oland* [1988] AIPC 90–577 at p 38–459 or *North-Shore* 45. But as to the Registrar and the public other considerations apply.
>
> Some assistance may be derived from a comparison with the concept of a contract being rescinded when there is a fundamental breach and saving it where the failure to comply is merely collateral or severable. It seems to me that the object of s 37(a), (b) and (c) is directed to a consideration of the integrity of the mark. Does it tell a lie about itself? Kerly — ('Kerly') deals with this matter at para 11-04 p 178 where the author says that what is meant by fraud in this section has not been precisely defined but goes on to say *it might be fraud for a person to procure the registration of a trade mark of which he knows he is not entitled to claim the exclusive use — for instance if he knows that it is in use by another trader*. The other example given is that of the agent of a foreign manufacturer registering the trade mark of the latter in his own name. (*Gynomin and National Bell Co*, were read to me at length). Kerly further states on the authority of *Bentley v Lagonda* [1947] 64 RPC 33 that unless actual deception is alleged it is not possible to contend that the registration was obtained by fraud. Shanahan p 248 is very much more trenchant. He refers to Williams J in *Farley's* case at p 493 and then says this:
>
> > Presumably, a false claim to proprietorship involving a breach of s 40 could receive the protection of s 61 only if the claim were made innocently in ignorance of the prior use of the mark by another. *Where the claim is made with knowledge of the prior rights of another this should amount to fraud on the Registrar* and fall within the exception. (Emphasis added.)

[92] The meaning of 'fraud' in the registration of trade mark was explained in *Luk Lamellen Und Kupplungsbau GmbH v South East Asia Clutch Industries Sdn Bhd* [1997] 2 MLJ 724, where Abdul Aziz J (later JCA) held as follows:

> In making the application, they must have claimed that the trade mark belonged to them because, by s 25 *of the Act, they had to claim that they were the proprietors of the trade mark in order to qualify to apply. Since they were not, it was a false claim made for a dishonest purpose, which was to become the registered proprietors of a trade mark that belonged to somebody else. It was a falsehood practised on the registrar to achieve a result*

that was adverse to the interests and rights of the applicants as the lawful proprietors of the trade mark.

...

The primary reason why the applicants claimed that the respondents' registration of the trade mark had been obtained by fraud was because in applying for registration, the *respondents falsely claimed they were the proprietors of the trade mark. It was fraud directly on the registrar, and indirectly on the applicants and the public as well.* (Emphasis added.)

[93] As noted by the learned judge, in both the above cases, the consequence is that the registered trademark was expunged pursuant to s 45 of the Trade Marks Act 1976.

[94] We further agree with the learned judge that the facts of this case are not dissimilar. The learned judge found that the plaintiff was the first user and hence common law proprietor of the 'Neem' and 'Neem Active' trademarks in Malaysia at the material time and that D3 Rajoo/PB knew of it as far as toothpaste is concerned.

[95] D3 Rajoo would like the court to believe that D2 of which he was a founding director and shareholder had on its own applied for registration of the trademark 'Dr. Neem'. That would be stretching the limits of incredulity. As stated before, the name of D2 itself 'Bumitulin Herbal World (M) Sdn Bhd' gave away the slip. Companies act under the agency of their directors and D3 was a founding director who orchestrated the application to register 'Dr. Neem' under D2's name for a newly incorporated company with no history to it would not have awakened up one day to register, of all names, that of a 'Dr. Neem' and even more strangely the prefix 'Dr' in unusually small character in the form of a superscript!

[96] We have no good reason to disagree with the learned judge in his finding that as to the knowledge of D2 Bumitulin, it may be imputed if the corporate veil is lifted exposing that D3 Rajoo/PB had been its alter ego. After all it is very significant that D3 Rajoo also testified for D2 as well as D1 and this is more than a mere convenience but the measure of commonality of intention and confluence of interests to fraudulently take advantage of the distinctiveness and goodwill generated by the plaintiff in the use of the Neem/Neem Active marks.

[97] In the Federal Court's case of *Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor* [2015] 6 MLJ 449, it was held that it is settled law that there must be evidence of actual fraud or some conduct amounting to fraud in equity or an exercise to avoid one's contractual obligations to justify lifting the corporate veil.

[98] The learned judge had made reference to the fact that Rajoo's son is the 50% shareholder and co-director of D2 Bumitulin. He was presently only 24 years of age. D3 Rajoo was also formerly a director of Bumitulin. The learned judge was therefore satisfied that Rajoo was at all material times the mastermind behind Bumitulin.

[99] The learned judge also find that D3 Rajoo was instrumental in causing D2 Bumitulin to commit fraud in equity by the registration of 'Dr. Neem' trademark with MyIPO. This was done for his/PB's benefit to evade the contractual obligation owed to the plaintiff under the 2001 agreement, 2005 agreement and 2008 agreement by dishonestly misappropriating the plaintiff's intellectual property rights in its 'Neem/Neem Active' trademark in business competition.

[100] The learned judge concluded that D3 Rajoo's conduct in the circumstances is inequitable or unconscionable. We concur with such a finding arrived at against the backdrop of strong circumstantial evidence coupled with common sense and consistent with the probabilities of the case.

[101] There was thus present special circumstances as well as in the interest of justice to lift the corporate veil of D2 Bumitulin following *Chanel v Melwani2 International Sdn Bhd & Ors and other suits* [2017] 10 MLJ 592; [2017] 6 MLRH 175. We see nothing wrong with the approach taken by the learned judge.

[102] By so lifting, D3 Rajoo's knowledge on the first user and the plaintiff Jyothy Lab's common law proprietorship of the 'Neem/Neem Active' trademark are imputed to D2 Bumitulin.

[103] In fact, when D3 Rajoo was a director of D2 Bumitulin, his knowledge is that of D2 where the common law ownership of the 'Neem/Neem Active' trademark of the plaintiff is concerned. Having started on the wrong footing, D3 Rajoo's resignation as a director of D2 can only draw more attention to his presence and participation in D2 and his distancing of himself from D2 by resigning as its director only serves to deflect attention back to himself.

[104] We find the conclusion of the learned judge both sound and supported by the evidence before him as he said in his judgment as follows:

> [68] As the result and just as in *Hai-O Enterprise Bhd v Nguang Chan* and *Luk Lamellen Und Kupplungsbaau GmbH v South East Asia Clutch Industries Sdn Bhd*, I find that *Bumitulin had committed fraud on the registrar for purposes of s 45 of the Trade Marks Act 1976 because it procured the registration of 'Dr. Neem' trademark albeit it had knowledge of the Jyothy's intellectual property rights particularly its common law proprietorship of the 'Neem' and 'Neem Active' trademarks as the first user in*

Malaysia in respect of toothpaste. (Emphasis added.)

Whether the registration of 'Dr. Neem' trademark by D2 and its use is likely to deceive or cause confusion to the public

[105] Our s 14(1)(a) of the Trade Marks Act 1976 provides as follows:

14 Prohibition on registration

(1) A mark or part of a mark *shall not be registered as a trade* mark-(a) if the use of which is likely *to deceive or cause confusion to the public* or would be contrary to law; (Emphasis added.)

[106] We find merits, as did the learned judge, in the plaintiff's contention the concurrent existence of D2 Bumitulin's 'Dr. Neem' toothpaste and its 'Neem Active' toothpaste creates the likelihood of deception or confusion to the Malaysian consumers. Reference was made to the case of *Consitex SA v TCL Marketing Sdn Bhd* [2008] 3 MLJ 574; [2008] 2 MLRH 380 and the Court of Appeal case of *Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (trading as Kheng Aik Trading)* [2006] 6 MLJ 445; [2006] 3 CLJ 393. In the latter case, James Foong JCA (later FCJ) held as follows:

[25] In considering whether there would be confusion and deception to the public by the existence of two allegedly similar trade marks, it is necessary, at the outset, to state that similarity per se is acceptable, so long as it does not lead to a likelihood of confusion or deception — see *Kerly on Law of Trade Marks & Trade Names*, 13th Ed paras 16–32. And confusion and deception here should be precipitated to those probable customers or purchasers of goods who may be misled into purchasing one party's goods sold under that party's trade mark for that of the other. A possibility of confusion is not sufficient. There must be 'a real tangible danger of confusion' — see Farwell J *in Re William Bailey (Birmingham) Ltd's Application* 52 RPC 153 @ line 24. To ascertain whether there is a likelihood of confusion and deception, we find the following passage in the Australian case of *Australian Woollen Mills Limited v FS Walton And Company Limited* [1937] 58 CLR 641 at p 658 worthy of adoption:

> In deciding this question, the marks ought not, of course, to be compared side by side. An attempt should be made to estimate the effect or impression produced on the mind of potential customers by the mark or device for which the protection of an injunction is sought. The impression or recollection which is carried away and retained is necessarily the basis of any mistaken belief that the challenged mark or device is the same. The effect of spoken description must be considered. If a mark is in fact or from its nature likely to be the source of some name or verbal description by which buyers will express their desire to have the goods, then similarities both of sound and of meaning may play an important part. *The usual manner in which ordinary people behave must be the test of what confusion or deception may be expected. Potential buyers of goods are not to be credited with any high perception or habitual caution. On the other hand, exceptional carelessness or stupidity may be disregarded*. The course of business and

the way in which the particular class of goods are sold gives, it may be said, the setting, and the habits and observation of men considered in the mass affords the standard. Evidence of actual cases of deception, if forthcoming, is of great weight.

[26] Broadly speaking, the factors can be summarised as follows:

(a) the idea of the mark is to be regarded;

(b) the elements of the mark must be taken as a whole;

(c) *imperfect recollection of the mark by customers or purchasers should be taken into account;*

(d) *the aural as well as the visual aspect of a customer towards the mark is relevant*; and

(e) all the circumstances of the trade to be considered:

see *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504; [1997] 1 CLJ Supp 52) adopting those stated in *Kerly's Law of Trade Marks & Trade Names*, (12th Ed) from paras 17–08 to 17–21. (Emphasis added.)

[107] When buying toothpaste, a customer would not be doing a 'spot the difference' exercise that we sometimes find in the local tabloids as in searching and scrutinising for the differences that would so often belie and bedevil us only to have those differences revealed in a sort of anticlimax way in the answers. Moreover, rarely are the two similar products displayed side by side to facilitate such a comparison or to help consumers focus on the differences.

[108] Consumers would go by the name of the product as is commonly referred to and here it is 'Neem' which has been marketed by D3 for the past 15 years or so from 2001 to 2015. Customers would also be likely to be influenced by and associating colour and the get up in the green Neem leaves and the bold green word 'Neem' prominently displayed against a white backdrop in both the packagings with the plaintiff's toothpaste. The fonts in the word 'Neem' are almost the same in the defendants' packaging as compared to the plaintiff's with the first alphabet 'N' being capitalised.

[109] The prefix in the form of a superscript is in small print as in 'Dr' and might well be dropped off aurally and not distinctively differentiated visually for a relative newcomer to the consumer market. Depending on how fastidious one is the pronunciation is substantially similar and as held by the learned judge 'with accentuation on the word 'Neem'.

[110] As a picture is worth a thousand words, the two marks are photographed side by side and as some things are more easily perceived than explained, the judgment of this court, as with the High Court, is that the trademarks are

deceptively confusing or confusingly deceptive such that the uninitiated without an investigative pair of eyes would have thought that the products bearing those two different marks have come from the same source or are that of the same manufacturer or distributor.

Plaintiff and / or Plaintiff's predecessors' Neem Active Toothpaste (bearing "Neem Active" trade mark)	Defendants' Herbal Neem Active Complete Care Toothpaste (bearing "Dr. Neem" trade mark)
[see Tab No. 13, pages 377 – 379 of Bundle B1]	[see Tab No. 14, pages 380 – 382 of Bundle B1]

[111] The likelihood of deception and confusion becomes more real when the same goods are involved ie toothpaste and these, as found by the learned judge, are 'sold in the same market and segment of the public consumers, typically housewives in sundry shops and supermarkets'. The element of direct competition is inescapable.

[112] Indeed the 'Neem' and 'Neem Active' trademarks as used in the plaintiff's toothpaste packaging versus the 'Dr. Neem' trademark as used in the defendants' packing are in close resemblance when visually compared side by side.

[113] The Federal Court in *Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd* [2012] 6 MLJ 609 in expounding on the test of

likely deception and confusion observed as follows:

> [26] As regards the test of confusion and deception it is now well settled. The decision of the House of Lords in the case of *Bali Trade Mark* [1969] RPC 472 in interpreting s 11 on the UK Trade Marks Act which is equivalent to our s 14(1)(a) of the Act is highly instructive. Lord Upjohn held in that case at p 496 on the test of likelihood of confusion and deception, as follows:
>
> > What then, is the test? *This must necessarily be a question of fact and degree in every case* ... It is not necessary in order to find that a mark offends against section 11 to prove that there is an actual probability of deception leading to passing off or (I add) an infringement action ... *It is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products came from the same source.*
>
> [27] *Confusion and deception as envisaged by s 14(1)(a) of the Act in our view is a question of fact and degree*. The likelihood of confusion and deception can never be ruled out in the present case simply because the goods sought to be registered by the appellant fall in class 9 whilst the goods that have been sold and traded by the respondent fall in other classes such as class 25. Further, the more well known or unusual a trademark, the more likely is that consumers might be confused into believing that there is a trade connection between goods or services bearing the same or a similar mark. In the case of *Canon Kabushiki Kaisha v Metro-Goldwyn- Mayer Inc* [1998] All ER (EC) 934; [1999] RPC 177 the court therein held that a lesser degree of similarity between the goods and services may be offset by a greater degree of similarity between the marks and vice versa. (Emphasis added.)

[114] The question of whether or not there is real likelihood of deception of or confusion caused to the public is ultimately for the court and not for the witnesses to decide, taking into account as always all relevant circumstances as was held in in the Federal Court case of *Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor (Registrar of Trade Marks, intervener)* [2015] 4 MLJ 166; [2015] 3 MLRA 611.

[115] In fact evidence from witnesses whether it be from questionnaires, surveys or emails tend to be skewed in favour of the party being commissioned to gauge the extent of the deception or confusion caused or otherwise and may not necessarily be helpful to the court.

[116] The judge hearing the dispute is in no disadvantageous position as compared to an ordinary consumer for toothpaste falls into the category of Fast Moving Consumer Goods ('FMCG') and more particularly under the category of Cosmetics and Toiletries and a judge would not be less familiar with it and indeed would have bought some in his life or would have seen it being displayed countless times in the supermarkets or pharmacies and would certainly be using it daily like the rest of the people.

[117] He is thus in a position to apply the general imperfect recollection of a typical public consumer for he is very much one too and to conclude that there is a real likelihood of deception or confusion following the Federal Court case of *MI & M Corporation & Anor v A Mohamed Ibrahim* [1964] 1 MLJ 392; [1964] 1 MLRA 439. See also the Australian High Court case of *Jafferjee v Scarlett* (1937) 57 CLR 115.

[118] The absence of witnesses whether from a survey company or from actual consumers who were or were not confused by the two different trademarks of the plaintiff and the defendants do not in any way dilute or denigrate the efficacy of the test of imperfect recollection.

[119] The plaintiff's right to an action in rectification of a trademark wrongly registered is not hampered or denuded in anyway just because it's marks in 'Neem/Neem Active' are not registered with MyIPO and that the mark 'Neem' registered in India comes with a disclaimer of a non-exclusive use of the word which is a common word and the name of a plant.

[120] We agree with the learned judge that notwithstanding the trademark may be subject to a disclaimer of the non-distinctive word, the proprietor has the right to the use of the combination of the distinctive and non-distinctive elements of the mark, whether in India where it is registered or in Malaysia where it is not registered. They still ought to be read together as in its use as 'Neem Active' toothpaste as was held in the English case of *Paton Calvert Cordon Bleu Trade Mark* [1996] RPC 94 where MJ Tuck of the UK Registrar's office held as follows:

> As Lloyd-Jacob put it in *Ford-Werke's Application* (1995) 72 RPC 191 at 195 lines 30 to 38, a disclaimer does not affect the significance which a mark conveys to others when used in the course of trade. Disclaimers do not go into the market place, and the public generally has no notice of them. In my opinion matter which is disclaimed is not necessarily disregarded when questions of possible confusion or deception of the public, as distinct from the extent of a proprietor's exclusive rights are to be determined.

[121] See also *Granada Trade Mark* [1979] RPC 303.

[122] The fact that the plaintiff has no monopoly on the use of the mark 'Neem' does not give the defendants a right to use a registered trademark that so closely resembles the plaintiff's unregistered trademark so as likely to cause deception on or confusion to the public.

[123] D2 and D3 had also contended that the word 'Neem' is a generic and non-distinctive word incapable of registration but that is a self serving contradictory argument because D2 Bumitulin's registered trademark 'Dr.

Neem' itself also carried the word 'Neem' and so by parity of argument, should have the same disclaimer attached to its registration or worse still incapable of registration or wrongly registered.

Whether the defendants have passed off the 'Dr. Neem' toothpaste as that of the plaintiff's 'Neem/Neem Active' toothpaste

[124] The tort of passing off is irrespective of whether the mark of the plaintiff suing is unregistered or that the mark is a common or proper noun or a generic or descriptive word. The fact that the plaintiff's marks consist of words that no one may have an exclusive use or monopoly for, like all words in any language, they all belong to the world, that does not give another trader a right to pass off its goods as that of the plaintiff.

[125] Granted the risk of confusion is higher and indeed to be expected if one's choice of a word mark is a common or proper noun generic or a descriptive word where passing off is alleged in relation to descriptive marks and thus relatively small differences may be sufficient to preclude a misrepresentation. See *Office Cleaning Services Ltd v Westminster Window and General Cleaners Ltd* [1946] 63 RPC 39.

[126] The tort is after all a protection of the goodwill and reputation of one's business and not an action to recover damages for the infringement of one's unregistered mark. While one's goodwill may consists in the use of one's mark coupled with one's get up and branding including the features of one's labelling and packaging of the product, it is certainly not limited or confined to that.

[127] The right to a passing off action is preserved under s 82 of the Trade Marks Act 1976 as follows:

> Section 82. Unregistered trade marks
>
> (1) No person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark.
>
> (2) Notwithstanding subsection (1), nothing in this Act shall be deemed to affect the right of action against any person for passing off goods or services as those of another person or the remedies in respect thereof.

[128] The tort has its root in preventing unfair competition and misrepresentation as clearly one party cannot be allowed to pass off its goods and/or business as that of another thereby damaging the reputation and goodwill of the other party.

[129] The English case of *AG Spalding & Bros v AW Gamage Ltd* [1915] 32 RPC 273 sets out the ingredients of this tort which was further elaborated in

A the *Jif Lemon* case, *Reckitt & Colman Products Limited v Borden Limited* [1990] 1 WLR 491 at 499 D-H, where Lord Oliver said:

> The law of passing off can be summarised in one short general proposition — *no man may pass off his goods as those of another*. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. *First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff*. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. *Thirdly he must demonstrate that he suffers, or in a quia timet action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff*. (Emphasis added.)

[130] In the Supreme Court case of *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770, Gunn Chit Tuan CJ (Malaya) explained as follows:

> The principle of law regarding passing off has been plainly stated by Lord Parker in *Spalding v Gamage* 'and that is, that nobody has any right to represent his goods as the goods of somebody else'. It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business are the business of another ...
>
> For an authority on passing off, we could do no better than to quote the words of Lord Diplock in the leading speech in *Erven Warnink v Townend & Sons (Hull) Ltd 2* [at p 742]:
>
> > My Lords, *AG Spalding & Bros v AW Gamage Ltd* 84 LJ Ch 449 and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a *misrepresentation*; (2) *made by a trader in the course of trade;* (3) *to prospective customers of his* or ultimate consumers of goods or services supplied by him; (4) which is *calculated to injure the business or goodwill of another trader* (in the sense that this is a reasonably foreseeable consequence); and (5) which *causes actual damage* to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.
>
> We would also refer to and quote the following test proposed by Lord Fraser in the same case [at p 755]:
>
> It is essential for the plaintiff in a passing off action to show at least the following facts: (1) that his business consists of, or includes, selling in England a class of

goods to which the particular trade name applies;

(2) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods; (3) that because of the reputation of the goods, there is goodwill attached to the name;

(4) that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value; (5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.

...

In an action for passing off, damage is also an essential element of the tort and it is necessary for the plaintiff to establish that he has suffered damage. However, *if the goods in question, as in this case, are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of the exclusive use of his name*. (Emphasis added.)

[131] The Court of Appeal case of *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358, summarised the elements relating to passing off as follows:

35. Thus in summary, the respondents had to establish three elements at trial in order to demonstrate that the appellant had passed off their medicinal wine as that manufactured and sold by the respondents:

(i) reputation

(ii) misrepresentation; and

(iii) damage.

[132] The whole concept of branding and marketing has developed such that every growing business would budget for brand promotion and development through advertisement and marketing and even sponsorship of international events. The power of association is so strong that multinationals would spend millions to rope in even children at a young age through brand loyalty so that they remain loyal to that brand throughout their lifetime.

[133] It is generally accepted that one's trademark or get up with its colour code, design, labelling and packaging including slogan, which in the marketing language is called one's brand, is the badge and indicia that indicates and identifies one's goodwill and business. In *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)*, Azahar Mohamed FCJ (now CJM) clarifies as follows:

... The law of passing off governs the protection of common law or unregistered

A trademarks. The tort of passing off is common law wrong. *Passing off does not protect the use of a mark, name, get up or any other sign which is distinctive of a business, but the goodwill of the business that uses them. Goodwill accumulated through use is the property right that is protected.* (Emphasis added.)

B **[134]** The evidence before the court was that the plaintiff and its predecessors through D3 as distributor of its Neem Active toothpaste had been marketing and promoting the trademark 'Neem/Neem Active' with its get up, colour combination, design and slogan 'Complete Care' since 2001.

C **[135]** The promotional and advertisement activities in Malaysia consisted of radio programme advertisements and newspaper advertisements and relevant evidence substantiating it including scripts of the programme were produced. All these went towards generating goodwill and reputation as far as the sale of D Neem Active toothpaste was concerned in Malaysia. See *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1993] 1 MLJ 55; [1996] 3 AMR 4015.

[136] The first ingredient of the plaintiff's goodwill and reputation in its E 'Neem Active' toothpaste cannot be gainsaid.

[137] To succeed in proving the second ingredient of misrepresentation the plaintiff would first have to satisfy the court that the mark in question has become distinctive of its goods and second that the mark of the defendant is F likely to deceive or cause deception as was held in *Pakai Industries Bhd v Chen Yew Industries Sdn Bhd* [1991] 3 CLJ Rep 383.

[138] It was further held in *Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd* [2009] 5 G MLJ 703; [2009] 13 MLRH 385, Low Hop Bing J (later JCA) that:

> It is an established principle of law that where the alleged passing off is based on the similarity of trade marks, the principles of comparison of the marks are the same as those arising under infringement of trade mark.

H **[139]** The reasons given aforesaid for the substantial similarity of the marks in question in the context of challenging a registered mark for being deceptive and confusing would equally apply to the misrepresentation by the defendants for there is a less than honourable human tendency in business to try to ride on I someone's else's goodwill and reputation and so to steal a march or gain an unfair advantage.

[140] The fact that both the toothpastes were sold through the same trade channels for the same Malaysian consumer market would put the parties in

direct business competition. There can be no likelihood of deception and confusion without the corresponding element of misrepresentation.

[141] It was trenchantly observed in Canada in *Orion Corp v Cross Vetpharm Group Ltd* 2017 TMOB 27 citing *Perrier SA v Canada Dry Ltd* 1982 64 CPR (2d) (Ont HC) at p 121 that the most successful form of misrepresentation is to 'employ enough points of similarity to confuse the public with enough points of difference to confuse the courts'.

[142] As was highlighted in *United Biscuits (UK) Ltd v Asda Stores Ltd* [1997] RPC 513, by Walker J:

> There is a good deal of authority for the proposition that long use of a particularly distinctive get ups does (without creating monopoly) place on a new competitor (*minded to use a similar get up) a special obligation to avoid confusion.* (Emphasis added.)

[143] See also *Warmal Wil Heavy Duty Pumps Sdn Bhd v Pump Matrix Engineering Sdn Bhd* [2018] 10 MLJ 99; [2018] MLRHU 1.

[144] Again when it comes to the test of confusion created by the competing product or likelihood of confusion and deception, the approach of the High Court in UK in *Neutrogena Corporation and another v Golden Limited and another* [1996] RPC 473, as explained by Jacob J (as he was then) is as follows at p 482:

> The proper approach of the court to the question was not in dispute. The judge must *consider the evidence adduced* and *use his own common sense* and *his own opinion as to the likelihood of deception.* It is *an overall 'jury' assessment involving a combination of all these factors*, see 'GE' *Trade Mark* [1973] RPC 297 at page 321. *Ultimately the question is one for the court, not for the witnesses.* It follows that if the judge's own opinion is that the case is marginal, one where he cannot be sure whether there is a likelihood of sufficient deception, the case will fail in the absence of enough evidence of the likelihood of deception. But if that opinion of the judge is supplemented by such evidence then it will succeed. And even if one's own opinion is that deception is unlikely though possible, convincing evidence of deception will carry the day. The *Jif lemon* case (*Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341) is a recent example where overwhelming evidence of deception had that effect. It was certainly my experience in practice that my own view as to the likelihood of deception was not always reliable. As I grew more experienced I said more and more *'it depends on the evidence*'. (Emphasis added.)

[145] Survey questions suffer from an inherent weakness in the way the questions are being asked as illustrated by Jacob J at para 60 of *Neutrogena* as follows, quoting a criticism from a market survey expert who testified there:

> This is a circumstance with which we market researchers are familiar and which we seek to avoid. The reason we seek to avoid this is that it again forces the respondent to create their own context to the question, and makes it likely they will speculate. Most respondents will wish to make what they perceive to be helpful comments rather than say nothing. Moreover, the respondent is likely to give a different answer from the one they would have given had they not been forced to create their own context, but been put properly in the picture by the interviewer. Thus, for example if the respondent is led to believe that the product is one they may have seen or which they may know something about, they are likely to jump to the conclusion that it is in fact a product they have seen and know something about.

[146] Human nature being what it is there is also a strong tendency, not easy to resist, in rejecting responses that are not so favourable to the results that one would like to see unless both parties have agreed on the same survey company to do a truly independent survey with pre-agreed questions to be asked of respondents with a sample size that may pale any predilection towards any particular results.

[147] The absence of evidence of actual confusion would not necessarily be fatal to the claim (see Millett LJ in *Harrods v Harrodian School* [1996] RPC 697) though if there is evidence from either or both sides, the court should consider them circumspectly bearing in mind that not all who are confused would come forward and the need to avoid the danger of suffering letters or emails from the editor to the editor, to use a journalistic euphemism, as reflective of the current state of confusion.

[148] While evidence of confusion may be helpful and be given due weight, we find that this is a case where the trial judge was not hampered in any way in drawing his own conclusion, after a careful analysis of the competing toothpastes in their overall look, presentation, packaging and both aural and visual elements of the products, that there was misrepresentation and likely confusion and deception caused.

[149] His conclusion is sound and accordingly we would sustain his conclusion reached as summarised at para 87 of his judgment as follows:

> [87] Consequently given the similarities of the 'Neem Active' and 'Dr. Neem trademarks, I further find that *there is likelihood of confusion or deception. Actual confusion is not required* as held in *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* . Accordingly, in *Syarikat Zamani Hj Tamin Sdn Bhd & Anor v Yong Sze Fun & Anor* , it was held that mere proof of the possibility of association would be sufficient. (Emphasis added.)

[150] Whilst it cannot be said that the descriptive word 'Neem' has attained a secondary meaning in this case, it does not mean that a slight difference in the overall get up and packaging would always invariably suffice. At the end of the

day the court must ask itself the question as to whether the mark 'Neem' and used with 'Active' as in 'Neem Active' together with the get up and packaging is sufficient to distinguish the plaintiff's product used in the market since 2001 such that the introduction of 'Dr. Neem' with a similar get up and packaging would be likely and liable to cause confusion and to misrepresent the defendants' product as that of the plaintiff.

[151] The speech of Viscount Simmonds in *Office Cleaning Services Ltd v Westminster Window and General Cleaners Ltd* [1946] 63 RPC 39, at p 41 captured the careful approach to this delicate task of determining if the impugned mark and get up are distinguishing or confusingly similar as follows:

> The question is not whether a trader who has chosen to incorporate in his trading style words which are descriptive of the services he performs cannot as a matter of law succeed in a passing off action based on the use by another trader of a trading style which, by reason of the incorporation of those words, is calculated to deceive, unless he establishes by evidence of such words have acquired a secondary meaning what has ceased to be descriptive of the services rendered.
>
> ... It is not a condition of success that the Plaintiffs should establish that the words in dispute had acquired a secondary meaning.
>
> The real question is the simple and familiar one. Have the appellants proved that the use by the respondents of the trading style 'Office Cleaning Association ' is calculated to lead to the belief that their business is the business of the appellants? *It is in these words 'calculated to lead to the belief' that the issue lies. It is a calculation often difficult to make ... The nature of the words which are used in the trade name, the circumstances and peculiarities of the trade, the motives, proved or presumed, of the trader who would use the words*, all these and many other factors must be considered by the judge in determining whether a Plaintiff can succeed in his claim. *It is a question upon which the judge who has to decide the case has to bring his own mind to bear and which he has to decide for himself*
>
> ... *But instances of actual deception will be given their due weight.*
>
> ... the Courts will not readily assume that the use by a trader as part of his trade name of descriptive words already used by another trader as part of his trade name is likely to cause confusion and will easily accept small differences as adequate to avoid it. ...
>
> It comes in the end, I think, to no more than this, that where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The Court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered. (Emphasis added.)

[152] The broad principle that descriptive marks are hard to protect as set out in the last paragraph above must be read subject to the preceding qualification in the same speech.

[153] Otherwise subsequent entrants into a particular market after doing their market survey and research would have an unfair advantage in introducing variations that really are immaterial especially if a product is referred to orally.

[154] In the instant case the prefix 'Dr' is not only deliberately designed in unusually small superscription but suffers from a sort of suffused shyness to have the prefix 'Dr' noticed and much less pronounced. The stress and enunciation have not shifted from the 'Neem' pronunciation that the consumers are already familiar with and have associated it with the plaintiff's product.

[155] Thus in the case of *Asian Business Publications Ltd v British Asian Achievers Awards Ltd and Another* [2019] EWHC 1094 ('IPEC') the dispute was between the claimant's use of the words 'Asian Achiever Awards' and the defendants' use of the words 'British Asian Achiever Award'. The claimant had been running the event since 2000 at high-end hotels in London. The defendants were a relatively newer entrant in 2014 running a competing awards ceremony but celebrating the success of members of the British Asian community.

[156] The court held that the words 'Asian Achiever Awards' were distinctive to some extent. Although the individual words were found to be descriptive, the combination was found to have a slightly more distinctive character than 'Office Cleaning' (in the case of *Office Cleaning Services Ltd v Westminster Window and General Cleaners Ltd*). This was due to the alliteration and the inclusion of the relatively unusual word 'achievers'.

[157] The addition of the word 'British' was found not to be sufficient to distinguish the event name from the claimant's event. The court there further held that under the principle of imperfect recollection the people are not likely to notice the difference in the logo and the strapline.

[158] Likewise the consumers are not likely to see the difference in the two marks and get up for it is unlikely that the two products be exhibited side by side in displays in the shops. The difference in the tagline 'Neem Active Toothpaste' and 'Dr. Neem Herbal Toothpaste' are marginal and pales into the ephemeral whether the buying is impulsive or need-based.

[159] A consumer is unlikely to reflect and review and much less to do some research on a toothpaste before settling for or selecting one when needing one!

[160] As for the third ingredient of damage suffered as a result of the passing off, we are satisfied that the plaintiff does not have to prove actual damage

suffered in the loss of business but only a probability of damage and in a case of competing goods the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales.

[161] Support for the above proposition can be found in the Court of Appeal case of *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585 as follows:

> [240] The law is settled. *Actual damage need not be proven. It is sufficient to show a probability of damage.* In this regard, the case of *HP Bulmer Ltd and Showerings Ltd v J Bollinger SA and Champagne Lanson Pere Et Fils* [1978] RPC 79 immediately comes to the forefront. There, Buckley LJ had this to say at p 95 of the report:
>
> > It is well settled that a plaintiff in a passing off action does not have to prove that he has actually suffered damage by loss of business or in any other way. A probability of damage is enough, but the actual or probable damage must be damage to him in his trade or business, that is to say, damage to his goodwill in respect of that trade or business. 'Goodwill' is a word of wide import. (Emphasis added.)

[162] Likewise in the Supreme Court case of *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* it was held:

> In an action of passing off, damage is also an essential element of the tort and it is necessary for the plaintiff to establish that he has suffered damage. *However, if the goods in question … are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales* and the loss of exclusive use of his name. (Emphasis added.)

[163] Consistent with his finding that D3 Rajoo is the alter ego of D2 and had caused it to register the mark 'Dr. Neem' with MyIPO which is featured in the toothpaste of D3 and as manufactured and distributed for sale by D1 Puaneswaran a sole proprietor of TSR Herbal World, the learned judge had found all the defendants liable for the tort of passing off with damages to be assessed where the toothpaste product being the competing goods is concerned.

[164] We agree that the plaintiff had proved passing off against all the defendants with damages to be assessed for the plaintiff's 'Neem Active Toothpaste'.

Whether the defendants had unlawfully interfered with the plaintiff's trade or business

[165] The plaintiff had also sued the defendants for the tort of unlawful interference with the plaintiff's trade or business. The learned judge referred to

A the case of *Megnaway Enterprise Sdn Bhd v Soon Lian Hock (sole proprietor of the firm Performance Audio & Car Accessories Enterprise)* [2009] 3 MLJ 525, where Low Hop Bing J (later JCA) held as follows:

> [48] The elements which constitute the tort of unlawful interference with
>
> B trade or business are:
>
> (1) Interference with the plaintiff's trade or business;
>
> (2) Unlawful means;
>
> (3) Intention to injure the plaintiff; and
>
> C
>
> (4) The plaintiff is injured thereby.
>
> (See *Bullen & Leake & Jacob's Precedents of Pleadings* [1990] p 464).

[166] Regard may also be had to *Worldwide Rota Dies Sdn Bhd v Ronald Ong Cheow Joon* [2010] 8 MLJ 297, where Abdul Malik Ishak J (later JCA) held D that the tort of unlawful interference arises when one person uses unlawful means with the object of causing damage to another. His Lordship went on to provide an example:

> E Thus, in a situation where the defendant commits an actionable wrong, like inducing a breach of contract ... or where the defendant authorises or procures a breach of copyright for purpose of harming the plaintiff (*CBS Songs Ltd & Ors v Amstrad Consumer Electronics Plc & Anor* [1988] 1 AC 1013 (HL)), the defendant is said to commit the tort of unlawful interference.

F **[167]** Hanipah Farikullah J (now JCA) in *Ken Holdings Bhd & Ors v Sri Seltra Sdn Bhd & Ors* [2014] 9 MLJ 858 also observed as follows:

> [135] The tort of unlawful interference arises when one person using unlawful means with an object of causing damage to another (see *Merkur Island Shipping Corpn v Laughton* [1983] 2 AC 570 (HL) at p 606.
>
> G

[168] The learned judge also referred to the case of *Jasmine Food Corp Sdn Bhd v Leong Wai Choon & Anor* [2016] 11 MLJ 812, where Azizah Nawawi J (now JCA) held as follows:

> H [49] With regards to the issue of unlawful interference with trade, the court in *Megnaway Enterprise Sdn Bhd* held that unlawful interference with trade is proved if the defendants have sold and offered for sales its product which infringes the plaintiff's copyright. At p 538 (MLJ); p 145/A-F (CLJ), the court held as follows:
>
> I [49] Although unlawful interference with trade is a developing tort and of uncertain ambit, its existence is beyond doubt and certain of its features are clearly defined. In *H & R Johnson (Malaysia) Bhd v. H & R Johnson Tiles Limited & Anor* [1995] 2 CLJ 581 at p 593, Zakaria Yatim (later FCJ), citing authorities, said:
>
> ... If one person deliberately interferes with the trade or business of another, and

does so by unlawful means, that is, by an act which he is not at liberty to commit, then he is acting unlawfully, even though he does not procure or induce any actual breach of contract: *Torquay Hotel Co Ltd v. Cousins & Ors* [1969] 2 Ch 106 at p 139 per Lord Denning MR.

[50] By selling, offering for sale and distributing an anti-theft system which is infringing the plaintiff's copyright, the defendant has interfered with the plaintiff's trade.

[51] The unlawful means employed here is the act of selling, offering for sale and distribution an infringing copy of the plaintiff's anti-theft system.

[52] As a result of the defendant's unlawful interference with the plaintiff's trade, the plaintiff's goodwill and reputation have been injured with direct and indirect negative consequence on the plaintiff's sales.

[53] In the circumstances, I find that the defendant is liable to the plaintiff for the tort of unlawful interference with the plaintiff's trade or business.

[169] We agree with the learned judge that although the above case found unlawful interference with trade arising out of copyright infringement which resulted in unfair adverse consequences to the plaintiff, the same wrong is caused if there is proved the unlawful act of passing off having been committed that affected the plaintiff's reputation and goodwill with similar consequences.

[170] We therefore agree that the learned judge may hold as he did that there was proved the tort of unlawful interference with the plaintiff's trade or business by all the defendants.

[171] The extent of damages, if we may add, would be the same whether it be under the tort of passing off or of unlawful interference with the plaintiff's trade or business by the defendants.

[172] There was also the claim of the plaintiff for breach of its copyright in the artistic work on the packaging of the Neem Active Toothpaste. The learned judge had dismissed this claim of the plaintiff having found that it was unsustainable. There has been no appeal by the plaintiff and so is not a subject matter of this appeal. Nothing more needs to be said.

PRONOUNCEMENT

[173] We find no appealable errors in both the appeals before us with respect to the IP22 Suit in Appeal 551 where judgment was entered for the plaintiff against D3 for breach of contract and against all the defendants for passing off and unlawful interference with the plaintiff's trade or business and in the IP24

Suit in Appeal 552 for the decision of the learned judge that D2's registration of 'Dr. Neem' trademark in Class 3 should be limited to exclude its application to toothpaste.

[174] We also find no merits in the appeal by D3 against the learned judge's dismissal of the counterclaim by D3 Rajoo in the IP22 Suit.

[175] We had thus dismissed both the appeals of the defendants/appellants with costs of RM40,000 subject to allocatur.

Appeals dismissed with costs of RM40,000.

Reported by Ahmad Ismail